The STRS Member Handbook

was prepared by the staff of the State Teachers' Retirement System to assist STRS Defined Benefit Plan members in understanding their member benefits.

The summarized data pertain to the Teachers' Retirement Law and procedures as of January 1, 1997, and is meant to be used only as a guide. If a conflict arises between the information provided in this booklet and the law, the law takes precedence.

The State Teachers' Retirement Law consists of Part 13, also known as the E. Richard Barnes Act, and Part 14 of Division 1 of the California Education Code. Part 13 includes the provisions of the STRS Defined Benefit Plan and regulates all activities of the California Teachers' Retirement System. Part 14 was enacted in 1995 and established an alternative plan for part-time educators, the STRS Cash Balance Plan.

Permission is hereby granted to reproduce, coy, or duplicate the information in this booklet, provided credit is given to STRS.

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July 1, 1997



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The STRS Vision

Dear STRS Member,

Lifetime service and security to meet the changing needs of California's educators. elcome to the California State Teachers'
Retirement System (STRS). As the nation's
largest public teachers' pension fund, STRS
staff works hard to continually improve service levels and
responsiveness to members' needs. Although we serve almost
one half million members and retired members, staff is
dedicated to providing exemplary service to each and
every member who calls, writes, or contacts STRS.

Whether you are just beginning your career in education or are a seasoned veteran, we think the Member Handbook will answer many of the questions you have about your retirement system. You will also find information here about the optional programs STRS offers including the STRS Mid-Career Information Program, the CalSTRS 403(b) Program, and the Member Home Loan Program. STRS will publish Member Handbook updates on the STRS Internet Home Page or you can request updates as they occur from our 24-hour-a-day telephone service center.

To all our members, service to you and the security of the Fund remain our highest priorities. We look forward to assisting you throughout your career and retirement.

Sincerely,

James D'. Mosman Chief Executive Officer







The STRS Member Handbook provides an overview of the programs and services administered by the State Teachers' Retirement System (STRS). It has been prepared to answer frequently asked questions about your retirement system and to help you understand the benefits of membership in the STRS Defined Benefit Plan (DB) and your responsibilities as a member.

Creditable service and creditable compensation are terms that appear often in this handbook. The simple description of "creditable service" is the kind of work activities that count toward years of service for STRS retirement purposes. Creditable

compensation, on the other hand, is the pay that members of the STRS DB Plan receive for creditable service that counts for retirement purposes. The

CREDITABLE SERVICE is the kind of work activities that count toward years of service for STRS retirement purposes.

CREDITABLE COMPENSATION is the pay that members of the STRS DB Plan receive for creditable service that counts for retirement purposes.

Teachers' Retirement Law defines what counts and what does not. So when you see "years that you've worked" or "salary," in this handbook, those terms refer to the total years or dollars that count for STRS retirement purposes.

Another term that is used in this handbook is "allowance," which refers to the monthly benefits paid under one of the STRS retirement, disability, or survivor programs.

The glossary in Section XI will help to explain other concepts and terms you will find in this Handbook.

We hope that you will refer to the STRS Member Handbook often throughout your career in education. If you need additional information, other resources are listed in Section X, General Information.

A Brief History of the California State Teachers' Retirement System

The California State Teachers' Retirement System was established by law, in 1913, to provide retirement benefits to California's public school teachers. Membership in the STRS Defined Benefit Plan (DB Plan) includes all employees in California public schools in positions requiring membership, from kindergarten through community college.

With more than 544,000 active and retired members and benefit recipients, STRS is the nation's largest public teachers' pension organization and the fourth largest public retirement system in the country in terms of the Fund's market value.





Teachers' Retirement Board The State Teachers' Retirement System is administered by the 12-member Teachers' Retirement Board (Board). The Governor appoints eight members to serve four-year terms.

- two teacher representatives from kindergarten through twelfth grade appointed by the Governor from a list of candidates recommended by the Superintendent of Public Instruction
- a retired member of STRS from a list of candidates recommended by the Superintendent of Public Instruction
- a community college instructor who has expertise in the areas of business, economics, or both, appointed from a list submitted by the Board of Governors of the California Community Colleges
- a member of the governing board of a school district or a community college district, appointed from a list of candidates recommended by the Superintendent of Public Instruction
- · an insurance official
- an officer of a bank or savings and loan institution, who has at least five years of broad professional investment experience
- a person to serve as a public representative (The last three appointments require Senate confirmation.)

Four Board members serve in an ex-officio capacity by virtue of their constitutional office: the State Superintendent of Public Instruction; the State Controller; the State Treasurer; and the State Director of Finance.

The Teachers' Retirement Board sets the policies and makes rules for the State Teachers' Retirement System (System) and is responsible for ensuring that benefits are paid by the System in accordance with law.

The Board appoints a Chief Executive Officer who is responsible for the administration of the System consistent with the Board's policies and rules. The Board also selects a Chief Investment Officer who is responsible for the investment of the Teachers' Retirement Fund, in accordance with Board policy.

The Board has four standing committees: Investment (a committee of the whole); Benefits and Services; Budgets and Audits; and Executive Compensation.

Teachers' Retirement Fund is a special trust fund established by law that holds STRS DB Plan assets. The assets come from employee contributions, employer contributions, and state of California contributions and appropriations. The Fund's investments create a stream of income to add to those assets.

When selecting investments, the Teachers' Retirement Board applies standards of safety, diversification, liquidity, and structure for a complete and profitable investment portfolio. The System's portfolio includes stocks, bonds, real estate, and short term investments. Within these categories, the System further diversifies by holding a variety of issues within each segment.

As of May 31, 1997, the STRS Fund market value was \$72.2 billion.

For further information about Teachers' Retirement Fund investments, call STRS Teletalk at 1-800-228-5453 and select message #800.



Membership in the STRS **Defined Benefit Plan** (DB Plan)

Membership in the STRS DB Plan is generally available to persons employed in the California public school system, kindergarten through community college, in positions that require a credential, certificate or permit, or require the employee to meet minimum standards adopted by the Board of Governors of the California Community Colleges.

Only activities identified as "creditable service" are subject to STRS DB Plan coverage. These activities include teaching, vocational or guidance counseling, services related to school curriculum, and a variety of administrative duties.

If you are a classroom teacher or are performing other activities that are creditable service, you may be a STRS DB Plan member as mandated by law, or you may be eligible to elect membership.

Employment in a certificated position in a Charter School is subject to coverage only if the charter of the school provides for participation in the STRS DB Plan.

Mandatory Membership

If you are employed to perform creditable service on a full-time basis, you will become a STRS DB Plan member on the first day of employment.

Full time is defined as the number of days or hours in a school year that the employer requires a "class of employees" to work. For example, under a collective bargaining or employment agreement, an employer might require guidance counselors in a high school to work a specific number of days each school year. Therefore, guidance counselors would constitute a class of employees. (See the Glossary, Section XI, for more information

about what constitutes full time and "class of employees.")

Many teachers and others who perform creditable service are not hired to work full time by an employer. For those who are hired to work less than half-time, STRS offers an alternative retirement plan called the STRS Cash Balance Plan (CB Plan). However, the CB Plan is optional for employers.

Except for Section II, the programs and benefits described in this book refer to the STRS Defined Benefit Plan only. For information on STRS Cash Balance Plan, see Section II, STRS Cash Balance Plan.

Mandatory STRS DB Plan membership requirements vary, depending upon your employment status and whether or not the STRS CB Plan is offered by employers to parttime employees in the district.





Employers Who Do Not Offer STRS Cash Balance Plan

In school districts, county offices of education, or community college districts that do not offer the STRS Cash Balance Plan, the following mandatory DB Plan membership requirements apply:

Employment Status	Mandatory Membership Begins
Hired on part-time hourly basis	First day of pay period following pay period basis in which he or she performs creditable service in one school district, community college district, or county superintendent's office for 60 or more hours
Hired on part-time daily basis	Same as above except for 10 or more days
Hired as a substitute	Same as above except for 100 or more complete days during the school year

Employers Who Offer the STRS Cash Balance Plan

In school districts, county offices of education, or community college districts that do offer the STRS Cash Balance Plan, the following mandatory STRS DB Plan membership requirement applies:

Employment Status	Mandatory Membership Begins
Hired on part-time basis	First day of pay period in which the basis of employment (the em- ployee's contract for employment) changed to 50 percent, or more, of full time in the position

Electing DB Plan Membership ... Part-Time or Substitute Employees

Anyone who performs creditable service in the California public school system is eligible to elect membership in the STRS DB Plan.

If you are hired as a substitute or on a parttime basis, but do not work sufficiently to qualify for mandatory membership, you can choose to become a member by election in the STRS DB Plan. Your employer must formally notify you of your right to elect membership in the STRS DB Plan.

The election can only be made during a pay period in which you have performed creditable service and must be made on the appropriate form provided by the employer. The effective date of membership is the first day of the pay period in which the election is made. If you elect membership, that decision is irrevocable and applies to all subsequent creditable service you perform. You must remain a member until you terminate all public school employment and elect to receive a refund of your contributions to the plan.

Changing Employment to a Different Public Retirement System

Occasionally, teachers or others who perform STRS creditable service change employment to positions that are subject to coverage by another California public retirement system. For example, a classroom teacher may take a position as a human resources specialist in the district office, a position usually subject to Public Employees' Retirement System (PERS) coverage. Or a human resources specialist may decide to take a teaching position, a position usually subject to STRS coverage. When a STRS or PERS member changes employment to a position that is subject to coverage by the other System, he or she will have an opportunity to continue coverage or change to the other System.

Election to Continue Coverage Under the STRS DB Plan

Change in School Employment to a Position Subject to Coverage by another California Public Retirement System

If you are a member of the STRS DB Plan and become employed by the same or a different school district, community college district, or county superintendent of schools to perform service that requires membership in another California public retirement system, you may elect, within 60 days of your new hire date, to continue coverage under the STRS DB Plan. If

you do so, service in your new position, and any subsequent position for the same employer that would normally be subject to coverage by the other public retirement system would be treated as creditable service under the STRS DB Plan.

It is important that you study the benefit information in this booklet, as well as information provided by the other California public retirement system before making an election. A list of additional resources is provided on page 67 to assist you with questions about the STRS DB Plan. You should remember that the election:

- must be made within 60 days of the date of hire into the new position
- must be done on the appropriate form provided by the employer
- is effective as of the date of hire into the new position
- is irrevocable and applies to all subsequent service for the same employer
- remains in effect until you terminate all STRS creditable service and all service that would normally be covered by the other public retirement system and elect to receive a refund of your contributions to the STRS DB Plan.

Election to Continue Coverage under the Public Employees' Retirement System (PERS)

PERS School Member Changes to a Position Subject to Coverage by STRS

A member of PERS who becomes employed by the same or a different school district, community college district, or county superintendent of schools to perform STRS creditable service, can elect, within 60 days of his or her new hire date, to continue coverage under PERS for all subsequent STRS creditable service.

The PERS member should study the benefit information in this booklet, as well as information provided by PERS before making an election. A list of additional resources is provided on page 67 to assist with questions about the STRS DB Plan. The election:

- must be made within 60 days of the date of hire into the new position
- must be done on the appropriate form provided by the employer
- is effective as of the date of hire into the new position
- is irrevocable and applies to all subsequent service that would normally be covered by the STRS DB Plan
- remains in effect until the member terminates all STRS creditable service and all public school service that would normally be covered by PERS AND elects to receive a refund of his or her member contributions to PERS.

Member Contributions

As a member of the STRS DB Plan, you must contribute 8 percent of your salary. Contributions are due only on the member's "creditable compensation" as defined in the Teachers' Retirement Law.

Contributions are withheld from creditable compensation by payroll deduction and deposited into your account in the STRS DB Plan. Your contributions accrue interest at a rate determined annually by the Teachers' Retirement Board.

Employer "Pick-Up" of Member Contributions

Most members are employed by STRS employers that participate in the "Employer Pick-Up" Program, under the provision of the Internal Revenue Code (Section 414[h][2]). The member's contributions are "picked-up" by the employer for the sole purpose of deferring income taxes on that portion of compensation. The contributions must be deducted from your compensation and are considered creditable compensation for retirement purposes.





Tax-deferred member contributions are deposited to your account as "Employer-Paid Member Contributions." Your Employer-Paid Member Contributions are taxable when returned to you or a beneficiary in a lump-sum or monthly allowance. For more information on taxes, see Section IX, Tax Information and Legal Issues.

Credited Interest

At the end of each fiscal year, interest is credited to the accumulated contributions and interest in each member's account at the "credited interest rate." The credited interest rate is adopted annually by the Teachers' Retirement Board and is currently set at a rate that approximates the yield on two-year Treasury Notes.

As a "defined benefit plan" member, you should understand that your retirement benefit will be calculated using a benefit formula established by law based on your age, years of service credit, and final compensation. The amount of total contributions and interest in your account is not used to calculate either your future monthly allowance or your beneficiary's. Interest is credited to members' accounts primarily to provide a lump-sum benefit to those members who terminate all creditable service and withdraw their contributions, or to the beneficiaries of members who die without survivors eligible for monthly benefits.

Employer Contributions

The employing school district, community college district, or county superintendent of schools contributes 8.25 percent of the creditable compensation paid to every employee who is a member of the STRS DB Plan. Employers' contributions are not credited to individual member accounts, but are deposited in the Teachers' Retirement Fund to help fund the benefits payable to all plan members and their beneficiaries.

State Contributions

The State of California currently contributes an amount equal to 4.3 percent of the total creditable compensation paid to all STRS DB Plan members during the preceding calendar year. Statutorially required to fund previously underfunded teacher benefits, the State also contributes an amount equal to 2.5 percent of prior year member salary for the Supplemental Benefit Maintenance Account and 0.307 percent of current year member salaries for "ad hoc" increases. The State's contributions are deposited in the Teachers' Retirement Fund in four equal payments each year. These contributions will be made until the prior year's obligations are paid in full.

Service Credit

Service credit is the accumulated period of time, in years and partial years, during which you receive creditable compensation for service as a member of the STRS DB Plan. In addition to credit for actual service, you may receive service credit for creditable compensation received for certain employer-approved leaves of absence.

A member's service credit is one of the factors used to determine eligibility for benefits payable under the STRS DB Plan. For example, you must have a minimum of five years of service credit to be eligible for a service retirement allowance. (See *Member* in Section XI, Glossary.)

Service credit is also used to calculate your Service or Disability Retirement allowance, and the Family Allowance or Survivor Benefit allowance payable to survivors of an active member who dies.

You are notified of your accumulated service credit each year when you receive your Annual Statement of Account. (See page 9.)

How Service Credit is Calculated

Service credit is calculated in the proportion that a member's earnings (creditable compensation) bears to the compensation that the member *would have earned* if he or she had been employed and worked full-time in that position.*

EXAMPLE:

Janet was employed to work 50 percent of full-time in a teaching position during the 1996/97 school year. The full-time compensation *earnable* for the position was \$42,000. Janet worked every day of her 50 percent teaching contract and received \$21,000 during the school year.

Creditable Compensation divided by Compensation Earnable equals Service Credit

creditable compensation\$21,000
÷ divided by compensation earnable \$42,000
= equals services credit 0.500

Janet would receive 0.5, or one-half year, of service credit

You cannot receive more than one (1.000) year of service credit for any one school year. (A school year begins on July 1 and ends on June 30 of the following calendar year. In districts with a year-round schedule, service is credited in the school year in which your service began.)

Whether you are employed on a full-time or part-time basis, your compensation for service in excess of that required to receive 1.000 year of service credit in a school year (overtime) *is not* creditable compensation for retirement purposes.

For example, summer school service is always considered to be overtime service. Compensation for overtime service cannot be used for accumulation of service credit or the determination of your final compensation for the purpose of calculating a monthly allowance.

Because compensation for overtime service is not creditable compensation for retirement purposes, you are not required to make STRS contributions on salary received for service in excess of that required to receive 1.000 year of service credit in a school year. However, if you are employed in multiple part-time or substitute positions for more than one STRS employer during a school year, it is often not possible to determine which service and compensation are not subject to contributions, until after all your service has been reported to STRS for the school year. If an adjustment to your account is necessary, it will be made after all service has been reported for the school year.

Purchase of Additional Service Credit

You may be eligible to purchase service credit for past employment, or an approved leave of absence, for which STRS retirement contributions were not made. For example, you may be able to purchase service credit for part-time or substitute service in the California public school system before you became a STRS DB Plan Member. For more information, see Section IV, Purchase of Additional Service Credit.

Reduced Workload Program

The STRS Reduced Workload Program was established to allow eligible members of the STRS DB Plan to reduce their workload from full-time to part-time and still receive a full year of service credit, provided all requirements of the program have been fulfilled by the participating member and employer. See Section V, Reduced Workload Program, for participation requirements.

Annual Statement of Account Your Annual Statement of Account is one of your most important STRS records. It provides you with information about your retirement account. An Annual Statement of Account is distributed in the fall to each member who was employed to perform creditable service and contributed to the STRS DB Plan in the previous school year.





For example, your statement in Fall 1997, is for the period July 1, 1996, through June 30, 1997.

The Statement is mailed to your home address as reported to STRS by your employer. If an employer has not provided STRS with a current home address, your Annual Statement of Account will be forwarded to the appropriate county or district superintendent's office for distribution.

An inactive member (one who has a balance remaining in their STRS DB Plan Account and was not employed during the prior school year) will receive an Annual Statement of Account, if he or she has a current address on file at STRS. An inactive member who has left his or her contributions on deposit and who has not received an Annual Statement of Account, should write to STRS to request a Statement. Be sure to include your Social Security number and current address. (Retired members and benefit recipients do not receive a Statement of Account.)
Call STRS Teletalk at 1-800-228-5453 to request a statement.

Examine your Statement carefully each year for accuracy and file it with your important employment or financial records. The following information is included on your Statement:

- beginning balances of your service credit and contributions, and interest credited on member contributions at the beginning of the period (July 1 of the previous school year)
- ending balances of your service credit and contributions, and interest earned on member contributions as of June 30 of the last school year

Information about the past school year July 1 through June 30 includes:

- interest credited on your accumulated contributions
- service credit you earned
- contributions credited to your STRS account

The service credit shown on your Annual Statement of Account is based on the creditable compensation and annual compensation earnable reported by your employer(s) to STRS. (See Section XI, Glossary, Creditable Compensation.) The member contributions are the contributions that were reported by your employer(s).

Service credit and contributions after June 30 will be included in your next Annual Statement of Account. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the Statement of Account for the school year during which the final payment was made.

In addition to service credit, contributions, and interest, the Annual Statement of Account provides other key information:

- Coverage
 Do you have
 Coverage A or Coverage B for
 disability and survivor benefits?
 If you became a member October 16, 1992,
 or later, you are covered under Coverage B.
 If you became a member before October 16,
 1992, you are covered under either
 Coverage A or B.
- Beneficiary Designation Information
 If you have filed a beneficiary designation since 1986 for payment of the lump-sum death payment, the Statement will identify the designated beneficiaries.
- Benefit Estimate
 If you are age 50 or older and have earned at least one full year of service credit, the Annual Statement will include an estimate of your future Service Retirement allowance for retirement at age 55 and at age 60.

If you need to call STRS, it will be helpful to have your Annual Statement of Account available. Your Social Security number is your STRS identification number.

Communication with Employers and Employee Organizations

STRS maintains several channels of communication with employers and employer organizations. The Employer Advisory Committee is composed of county and district employer representatives and STRS staff. The Committee meets regularly and discusses issues relating to legislative proposals, policy questions, and benefit plan administration.

Twice a year, STRS staff conducts training sessions, or Employer Institutes, with one presented in southern California and another in northern California. STRS processes, laws, and policies are discussed with employer staff, giving an opportunity for STRS staff and employers to exchange information.

Many counties utilize the Remote Employer Access Program which provides the employer direct access to the STRS database. Counties are able to verify membership data, improving the accuracy of reporting.

Periodically, STRS Employer Information Circulars are sent to employers to post where members may read them.

STRS distributes Administrative Directives to employers as needed to explain new policies or procedures.

STRS also provides information to the newsletter editors of STRS member and retired member organizations.

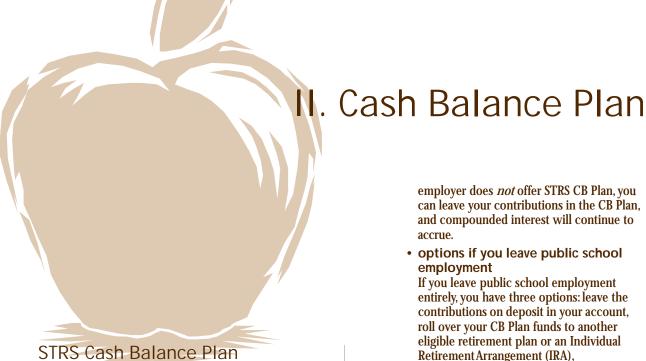
The Client Advisory Committee includes members of various organizations representing STRS members, employers, and benefit recipients. This committee meets regularly to discuss STRS policies, information delivery system, and services to members and benefit recipients.

Member Newsletters

The STRS *Bulletin* is published twice a year and mailed to all members, retired members, and benefit recipients. The STRS *Retired Educator* is published twice a year and mailed to all retired members and benefit recipients.







Available To Part-time Educators

STRS has designed a plan specifically for educators who work part-time. Your eligibility is determined by your basis of hiring, that is, your contract, rather than actual hours you work. If you are hired to work on an hourly basis, without a contract, for K-12, Adult Education, ROP, or at one or more community colleges, the STRS Cash Balance Plan (CB Plan) gives you an opportunity to save retirement dollars for the long-term.

Features of the STRS CB Plan include:

- · immediate vesting You do not have to wait to accumulate years of service credit to become eligible for benefits.
- contributions matched by employer For every dollar you contribute, your employer contributes at least one dollar. You receive all contributions- both yours and your employer's- and interest, if you terminate public school employment.
- secure investments The CB Plan investment portfolio is managed by STRS investment professionals, who have a long and successful record of achievement.
- quaranteed interest rate As of June 1997, the rate is 7.00 percent and will be adjusted annually.
- · portability to meet the needs of a part-time educator You can continue participation in the STRS CB Plan if you move to another school or district that offers the CB Plan. If your new

employer does *not* offer STRS CB Plan, you can leave your contributions in the CB Plan, and compounded interest will continue to

options if you leave public school employment

If you leave public school employment entirely, you have three options: leave the contributions on deposit in your account, roll over your CB Plan funds to another eligible retirement plan or an Individual Retirement Arrangement (IRA), or you can withdraw all contributions, including employer contributions, plus interest, providing the waiting period requirement has been met.

- · flexibility at retirement You can take your contributions, your employer's contributions, plus compounded interest in a lump-sum, or choose an annuity to provide monthly retirement benefits.
- · no fees or charges for participation
- all employee contributions are pretax dollars
- available by payroll deduction

Work for Multiple Employers?

You can contribute to the CB Plan at one or more participating school districts or community colleges, if your contract for employment is less than half-time at each school or college district.

Are You Eligible to Participate?

When you are hired by a district, county office of education, or a community college, your employer is required to notify you that you can elect membership in the STRS Defined Benefit Plan, even though you are a part-time employee. If your hiring status (contract) is changed to half-time or more, you will automatically become a member of the STRS DB Plan.

However, as long as your hiring status (contract) remains less than half time, you have the *choice* of participating in the STRS Cash Balance Plan, rather than the STRS Defined Benefit Plan, in districts that offer the Cash Balance Plan.





Participating School Districts Can Offer CB Plan

School districts and community colleges can offer their part-time employees the CB Plan. Offering the CB Plan may be bargained, as some districts are doing currently. Contact your district(s) or County Office of Education to determine if the Cash Balance Plan is available.

For More Information About the STRS CB Plan

For detailed information about the STRS
Cash Balance Plan, call STRS
Teletalk at 1-800-228-5453 or
review STRS Web site home page.
(See Section X, General
Information)

III. Early Career Years

The following information pertains to the STRS Defined Benefit Plan only.

up to 12 months, for a reason other than disability or military service. If medical reports show that you became incapacitated within four months of your last day of service (and remained continuously incapacitated to the date of death), or if you were receiving a disability allowance under Coverage A, your beneficiary(ies) remains eligible for the lumpsum death payment and survivor benefits.

You will be **vested** with a right to a lifetime retirement allowance when you have accumulated five years of creditable service in the STRS DB Plan. This allowance will be available to you as early as age 55. Active members also have important benefits including disability and survivor benefits. See Sections VII and VIII.

If You Terminate Your STRS-Covered Employment
Active members contributing to STRS are eligible for important benefit coverage, including disability and survivor benefits. Termination of STRS-covered employment and a subsequent refund of your accumulated contributions plus interest cancels any eligibility for monthly benefits from STRS. Termination of STRS-covered employment for four months or more eliminates any eligibility for survivor or disability benefits. This time limit does not apply to service retirement.

Exceptions to the Four-Month Limit The four-month limit does not apply if you die during an approved leave of absence of

Refund of Your Account

Your STRS member contributions to the Defined Benefit Plan, plus interest, are refundable upon termination from all employment to perform creditable service in any California public school. However, refund of your contributions terminates your STRS membership, and you will not be eligible for any benefits, including a life-long monthly retirement benefit, from STRS.

Refund Amount

All contributions made by a member, plus credited interest, will be refunded upon written request. This includes tax-deferred member contributions under the "Employer Pick-Up" program. Partial refunds are not permitted. Employer and state contributions are not refundable.

Is a Refund Right for Me?

Members with less than five years of service credit, who do not plan to return to teaching, and who are not eligible for retirement with any of the California public systems listed on page 27, may want to consider a refund. However, career teachers with substantial service credit, or those who are eligible for retirement with another California public

system, and are approaching age 55, are urged to talk with a STRS Regional Counselor to learn more about issues that should be considered.





Consequences of a Refund

If you withdraw your contributions and interest before age 59 1/2, you may be subject to income tax and a 10 percent federal excise tax. (See Section IX, Tax Information and Legal Issues)

If you take a refund and later redeposit contributions and interest and return to membership:

- your membership date changes to your return date
- you will be covered under Coverage B for Survivors and Disability benefits
- you must accumulate a year of service credit before you are eligible for STRS Survivors benefits
- you lose retirement credit for previously accumulated unused sick leave.



See Section XI, Glossary, for more information regarding unused sick leave.

More Refund Information

More information is available in the STRS brochure *Refunds*. You may obtain a brochure, and learn more about Refunds through STRS Teletalk messages.

Call 1-800-228-5453 and select message #700 for refund information, #103 to order the Re*funds* brochure, AD 367B, or #201 for Regional Counseling interview information. To order forms or brochures, call 1-800-228-5453 and select option two.

If You Have Less than One Year of Service Credit

If you have less than one year of service credit, the only benefit payable to a surviving beneficiary, if you should die, is a refund of your accumulated retirement contributions plus interest.

IV. Mid-Career Issues

As you move through your education career in California, you may wish to take advantage of some of the optional programs and features STRS offers.

STRS offers you mid-career financial planning work-shops, the opportunity to redeposit previously refunded contributions and interest, or purchase previously uncredited service, a home loan program, a deferred-compensation savings program, and access to a Long Term Care program of asset protection. If you wish to know more about STRS programs and benefits, you can make an appointment with a STRS Regional Counselor.

Mid-Career Information Program

A mid-career information program is available to provide benefit information and financial planning education to STRS members. The Program includes information about STRS benefits, financial planning, Social Security, and other subjects, which should prove invaluable to members who are planning for their remaining career and retirement years.

The information is presented in workshops around the state and includes *Make A Plan*, the Mid-Career Information book.



The book is available separately through the Education Resources Catalog of the Department of Education. Call the Department of Education at 1-800-995-4099 to order the STRS Mid-Career financial and retirement planning book.

If you wish to obtain more information about the Mid-Career program, or to sign up for a workshop, call the STRS automated telephone system at 1-800-228-5453.

Redeposits

If you return to teaching or other STRS-covered employment, or become eligible for retirement with another public system in California, you may elect to redeposit past refunds plus Regular Interest with STRS DB Plan. (See page 27 for a list of other California public systems.) Redepositing allows you to reinstate the service credit represented by the refunded contributions. (If you are not retiring concurrently with another California public system, you must accrue one year of service credit, following the redeposit, before you are eligible for benefits from STRS.)

If you elect to redeposit, all previously refunded contributions must be repaid along with an amount equal to the investment income that they would have earned in the STRS DB Plan. STRS calculates the investment income component by applying the Regular Interest rate (an interest rate that represents actual STRS investment earnings each year) from the time of the refund to the time of the repayment. The longer the elapsed time between refund and redeposit, the higher the amount of the redeposit will be.

Redepositing does not re-establish your earlier membership date or benefits that may have been available to you before you refunded. For example, if you were a member before July 1, 1980, took a refund and then reestablished STRS membership after July 1,





1980, you are not eligible to have any unused sick leave credit added to your service retirement calculation.

The amount you need to redeposit and the benefits from reinstatement of service credit will vary, depending upon your individual situation.

For example, a teacher who withdrew \$5,000 (representing three years of service) in June 1982, and wanted to reinstate those years of credit in June 1993, was required to redeposit \$15,296.89.

Amount withdrawn	\$5,000.00
Regular interest	\$10,296.89
Total	\$15,296.89

If you are considering a refund or redeposit, call STRS Teletalk and request message # 103 to request the *Redeposits*, AD 367A, brochure.

Purchase of Additional Service Credit

You may elect to purchase service credit for retirement purposes for specific service performed in the past, if it has not been previously credited. This type of service includes, but is not limited to:

- creditable service prior to becoming a member
- · sabbatical leave
- · certain active military leave
- California University or State University service
- maternity/paternity leave or family care and medical leave
- · School for the Blind or Deaf

Service credit cannot be purchased if you have received credit, or are eligible to receive credit, for the service in another public retirement system. If you are planning to purchase additional service credit just before your retirement, you must complete payment before the effective date of your retirement.

The cost of additional service credit is calculated by multiplying your highest earnable salary in any one of the most recent three school years of service by the contribution rate for additional service credit and the number of years of service credit to be purchased. The contribution rate for additional service credit is adopted by the Board and is based on the most recent actuarial valuation of the STRS DB Plan.

Members should evaluate the benefits of purchasing additional service credit by comparing its cost with the increase it would provide in their lifetime retirement income.

If you are considering the purchase of additional service credit, you should request a billing statement in writing from STRS.

To obtain more information about purchase of additional service credit call STRS Teletalk system at 1-800-228-5453, and select message # 250, or call STRS Public Service to request a billing statement or request a copy of the STRS brochure *Purchasing Additional Service Credit*, AD 0004.

Borrowing Against Your STRS Account Balance

State law does not provide for you to borrow against your accumulated contributions and interest on account with STRS.

CalSTRS 403(b) Program

The Teachers' Retirement Board (TRB) offers the CalSTRS 403(b) Program, a tax-deferred supplemental savings program that complements the STRS Defined Benefit and Cash Balance Plans. All STRS DB Plan members and CB Plan participants are eligible to participate, whether active or retired, by payroll deductions or by moving existing 403(b)/Tax Sheltered Annuity balances to the Program.

The CalSTRS 403(b) Program is designed as a low-cost, simple-to-use investment program, sponsored and overseen by the Teachers' Retirement Board. It features a

comprehensive array of services, competitively priced, with expanded investment options selected by STRS. The Program administrator, State Street Bank and Trust Company, has demonstrated outstanding industry leadership as one of the largest full-service plan administrators and record keepers for employee retirement savings plans in the nation.

Investment Options

CalSTRS 403(b) Program
participants select from a menu of
high-quality investment options.
Each fund offers a distinct profile
of risk and return characteristics to provide
you with choice and control. Additional
options may be added at a later date.
Investment options currently offered are:

- Provident Institutional Fund's
 TempCash Prime Money Market
 Mutual Fund
 A prime money market portfolio investing in high-quality government and corporate securities, and focusing on safety of principal, liquidity, and competitive rates of return.
- The S&P 500 Index Fund
 A diversified mutual fund designed by the
 California Investment Trust Fund Group to
 provide investment results corresponding to
 the total return of common stocks publicly
 traded in the United States, as represented
 by the Standard & Poors 500 Stock Index.
- The Self-Managed Account
 Enables participants to expand their
 investment choices by directing their
 CalSTRS 403(b) Program assets into
 additional mutual funds of their choice.
 Participants can invest in more than 1,800
 mutual funds.

Program Service

State Street Bank and Trust Company of Boston provides customer support seven days a week, with 24-hour-a-day automated access by touch-tone telephone for information and a full range of transactions. Daily accounting provides current information to help you make informed decisions, with customer service representatives available to answer your questions.

CalSTRS 403(b) Fees

The Board directed that the Program provide for low-cost fees. Based on industry standards, fees for the CalSTRS 403(b) Program are about one-half of typical program fees. Fee schedules are published in materials available to members who call the toll-free number.

STRS members can participate in the CalSTRS 403(b) Program in two ways:

- payroll deductions from STRS covered employment into the CalSTRS 403(b) Program
- transfer or "roll over" from an existing balance in another 403(b)/TSA into the CalSTRS 403(b) Program.

STRS members who are no longer employed in STRS-covered employment can still "roll over" an existing balance from another plan into the CalSTRS 403(b), but they cannot contribute additional funds until they resume STRS-covered employment. STRS retirees are also eligible to participate in the CalSTRS 403(b) by transferring funds from their current 403(b)/TSA balance to the CalSTRS Program.

For more information or to learn more about the new CalSTRS 403(b) Program and to find out how to enroll, call 1-800-699-4032. Representatives are available Monday–Friday, 7:00 AM to 9:00 PM and Saturday and Sunday, 9:00 AM to 5:00 PM.

The Dave Elder STRS Home Loan Program

Active, inactive, and retired members of STRS can apply for conventional, fixed-rate, first mortgage loans for primary residences through the Dave Elder STRS Home Loan Program. The program provides loans to members, and is a prudent investment of STRS retirement funds.

For further information about the STRS Member Home Loan Program, including eligibility, interest rates, and loan fees, contact your local Bank of America Mortgage, or Bank of America "Loan by Phone" at 1-800-843-2632, or Norwest Mortgage at 1-800-548-9056.





Long Term Care Coverage
The Public Employees' Retirement System
offers a long term care (LTC) program to
both STRS and PERS members, retired
members and their spouses, parents and
parents-in-law. This program provides
personal care that some may need as a result
of suffering an accident, a chronic illness, or
a disabling disease like Alzheimers. The LTC
program provides high-quality care and
comprehensive coverage at a reasonable
cost.

Call PERS Long Term Care direct at 1-800-338-2244 for information and an enrollment kit. Long Term Care information can also be obtained from the PERS LTC world wide web home page. The World Wide Web address is http://www.calpers.ca.gov.

Regional Counseling Services

> STRS-trained Regional Counselors are available in most county offices of education throughout the

state. Regional Counselors hold workshops and conduct individual pre-retirement counseling at a variety of locations. See Section X, General Information, for information on the Regional Counseling Center near you.

There are specific times during your career when STRS recommends a personal interview:

- at least once before age 55, or earlier if you have 30 years of service credit
- prior to making a decision to submit a disability application
- prior to making a decision on the pre-retirement election of an option
- prior to filing a retirement application
 A retirement counselor will outline the options available and provide an estimate of your retirement allowance.
- prior to making a decision to reinstate to STRS membership after retirement
 Reinstatement to membership after retirement and a subsequent second retirement may result in a different monthly allowance than the initial retirement allowance.

V. What to Consider Before Retirement

Each workshop lasts approximately two hours.

A schedule of workshops is prepared and distributed in the fall. Schedules should be available at your school site, district office, or county office of education.

Scheduling a Personal Interview

Before you file a retirement application, schedule a retirement interview with a STRS Regional Counselor. During this interview the retirement counselor will outline the alternatives available to you and provide you with an estimate of your retirement allowance.

The counselor can also provide information about when you will receive your retirement allowance and answer other questions you may have.

When should I schedule a preretirement interview?

Pre-retirement interviews should be scheduled at least six to twelve months in advance of your planned retirement date.

What Information Should I Bring to the Interview?

- the anticipated date of your retirement
- an estimate of your unused sick leave
- the number of days you are required to work during the year
- an estimate of your last three years of earnable compensation

You are encouraged to bring your spouse or your intended or named option beneficiary to this interview. If your option beneficiary is unable to attend the interview, please be prepared to supply his or her birthdate. All information shared with the retirement counselor during this interview is confidential and used only for preparing your personal retirement estimate.

As you near retirement age, it is a good time to review your current financial status and plan for your final career years and approaching retirement. If you are about age 50, or if you are within a few years of your projected retirement date, you may want to consider the following:

Retirement Counseling

How can I obtain information
and retirement counseling?

STRS conducts retirement workshops in
locations throughout the state, and STRStrained Regional Counselors provide
individual pre-retirement counseling by
appointment.

Workshops

STRS invites local school districts to host retirement workshops conducted by a Regional Counselor. You may attend a workshop at any point in your career. However, it is particularly important for you to attend a workshop within five years of retirement. STRS also encourages you to attend a workshop early in your career as part of your financial planning process.





What About Social Security?

Although your STRS retirement is not integrated with Social Security, you should contact Social Security as part of your overall planning. You may wish to investigate whether non-teaching employment has resulted in eligibility for Social Security or if you are eligible for benefits based on a spouse or former spouse's account.

For information about Social Security, contact the Social Security Administration toll-free at 1-800-772-1213.

More Information About Regional Counseling Locations and Schedules

See Section X, General Information,
Regional Counseling Centers and STRS
world wide web home page at
http://www.strs.ca.gov

Golden Handshake

The Golden Handshake program became available March 15, 1994, and will remain in effect through December 31, 1998, for eligible STRS members if your employer participates. You may receive two additional years of service credit upon retirement under this program.

To qualify for the program, you must meet the eligibility requirements for Service Retirement and file a Service Retirement application with STRS no later than the last day of the month in which you wish your retirement to be effective. See Section VI, Service Retirement. Your retirement effective date must be within the Golden Handshake window period established by your employer.

Employer approval is required before this additional service credit can be included in your benefit calculation and the employer must pay all costs associated with the additional service credit.

Reduced Workload Program

The STRS Reduced Workload Program allows eligible members to reduce their workload from full-time to part-time duties (a minimum of 50 percent of full time) for up to ten years, normally the last ten years before retirement.

You would receive full-time service credit, while working less than full time. At the time of retirement, your allowance will be calculated as though you continued to work full time.

You must be age 55 or older; have been employed full time for a minimum of 10 years in a position requiring STRS membership and have been employed full-time in a position requiring STRS membership five consecutive years immediately prior to entering the program.

Both member and employer contributions are paid on the full-time earnable salary, rather than the actual part-time salary earned while participating in the program. Therefore, the employer will be required to pay a higher contribution rate for a member to participate.

The consequences of failing to work at least 50 percent as required by the program can be significant. This occurs if the member does not earn creditable compensation for at least 50 percent of full time in any one school year. Service credit for the year will be calculated on actual time worked.

For example, a member who was employed 50 percent of full time had her pay docked because she became ill and ran out of sick leave. Consequently she failed to perform creditable service for at least 50 percent of full time that year. Retiring before the end of the school year can also impact program participants in the Reduced Workload Program.

After discussing the Reduced Workload Program with your employer and reviewing personal qualifications, you must enter into a contractual agreement with your employer to participate.

Concurrent Retirement

In some circumstances, a STRS DB Plan member may retire with less than five years of STRS credited service. If a member is age 55 or older and retires concurrently with certain employment under the Public Employees' Retirement System, the Legislators' Retirement System, the University of California Retirement System, or the San Francisco City and County Employees' Retirement System, he or she may retire with less than five years of credited service.

Pre-Retirement Election of an Option

Electing an Option Before Retirement

If you are eligible to retire, you may make a pre-retirement election of an option. This election is available if you do not yet wish to retire, but want to ensure a monthly lifetime income to another person, if you should die before retirement. (See Section VI, Service Retirement, for a discussion of options.)

The monthly allowance is based on the modified benefit which would have been paid if you had retired as of the date of death. At retirement, your allowance will be modified under the elected option.

Spousal Signature

If you are married, the pre-retirement election of an option must be signed by your spouse, or the justification for non-signature of spouse must be completed and returned with the pre-retirement election. If your spouse does not sign, or the justification for non-signature is not received by STRS, the pre-retirement election is not acceptable and will not be effective until the requirements are met.

The election will be effective on the date signed only if it is received by STRS within 30 days from the date you sign it. If the Option beneficiary dies *before* you retire, the option is automatically canceled. The retirement allowance will be reduced to pay for the period of coverage provided by the preretirement option.

Modification of the retirement allowance under any pre-retirement election of an option is based on your age and the age of the option beneficiary on the date the pre-retirement election is signed. The Factors in effect as of the effective date of retirement will be used in determining the option factor.

Examples

Member Chooses Pre-Retirement Election of an Option

- Member retires at age 60
- Option 2 beneficiary is also age 60
- Both member and option beneficiary were age
 55 when pre-retirement option was chosen

Unmodified Allowance	\$1,963.89
x Percentage Payable	x .893
(Option Table 2)	

= Member's Modified Allowance \$1,753.75

Member Does Not Choose Pre-Retirement Election of an Option

- Member retires at age 60
- Option 2 beneficiary is also age 60
- A pre-retirement election of an option was not made
- Member elects option at time of retirement

Unmodified Allowance	\$1,963.89
x Percentage Payable(Option Table 2)	х .893

= Member's Modified Allowance \$1,702.69

The examples illustrate two members, one who chooses an option before retirement and another who waits until retirement to choose an option.

The member in the first example has provided a lifetime monthly allowance to a beneficiary—even if the member should die before retirement. Although the allowance will be reduced at retirement, the modified allowance will be slightly higher than it would have been if the member had waited until retirement to choose an option, since the pre-retirement election of an option allows use of the younger member and beneficiary ages.





The advantages and disadvantages of choosing a pre-retirement election of an option must be assessed on an individual basis.

Advantages

If you should die prior to retirement, your option beneficiary will receive a lifetime monthly allowance. The allowance begins immediately upon your death, regardless of the age of the beneficiary.

In most cases, the modified allowance will be greater than if an option is elected at the time of retirement.

If you become disabled after making a preretirement election of an option, and you have Disability Allowance, Coverage A, you may retain the option election in order to provide a monthly allowance to your option beneficiary.

Disadvantages

If you cancel or change your pre-retirement election of an option before retiring, your retirement allowance will be reduced for life to pay for the time the option was in effect.

Under Disability Retirement, Coverage B, the pre-retirement election of an option will be automatically voided as of the effective date of an approved disability retirement; however, you can then elect an option under disability retirement.

Since only one person can be designated as an option beneficiary, other survivors who may otherwise be qualified will not be eligible to receive a family or survivor benefit allowance.

If your option beneficiary dies before you retire and you had elected an option, the election will be automatically canceled and your retirement allowance will be assessed.

Cancellation of an Existing Pre-Retirement Election of an Option

You may cancel an existing pre-retirement election of an option at any time before retirement. A pre-retirement election of an option is canceled automatically when a member elects a new option, elects a new option beneficiary, or if the option beneficiary predeceases the member.

If the pre-retirement election of an option is canceled, an assessment is calculated at retirement. As a result of legislation, the calculation of the assessment factor has changed for those members who cancel their pre-retirement election of an option on or after January 1, 1996. This change does not affect pre-retirement elections of an option that were canceled before January 1, 1996.

The factors in effect on the cancellation date of the pre-retirement election of an option will be used to calculate the assessment. The assessment factor is based on the following:

- the option selected
- the amount of time the pre-retirement election was in effect
- the age of the member at the time of election and cancellation
- whether the member has Coverage A or Coverage B
- whether the option beneficiary is the member's spouse

If you are considering canceling your preretirement election of an option, electing a different option, or naming a different option beneficiary, STRS recommends that you meet with a STRS Regional Counselor to discuss the possible effects of that change on your retirement allowance.

A spouse *must* sign the cancellation of a preretirement election of an option, or a justification for non-signature must be completed and returned with the request for cancellation. If the spouse's signature is not provided, or the justification of non-signature of spouse is not received by STRS, the cancellation is not acceptable and will not be effective until the requirements are met. For more information regarding pre-retirement election of an option, call STRS Teletalk system at 1-800-228-5453 and select message # 200, Regional Counseling Services; or message #300, Pre-retirement Election of an Option.

Birthdate Verification

Under some circumstances, STRS will request verification of the birthdate of a member and/or the option beneficiary. Acceptable documentation for birthdate verification is listed in order of preference:

 certified birth record (recorded at least seven years prior to application for STRS benefits)

for SIRS be

certified church baptismal record (recorded at least seven years prior to application for STRS benefits)

 transcript of listing in federal census (recorded within ten years of birth) If you have ever changed your name from the name shown on the record of birth, a certified copy of the marriage certificate or court order documenting the change is required.

If you do not have one of these records, please contact STRS for assistance.

Regional Counseling Appointment

Because the election or non-election of an option determines what benefits will be available to your option beneficiary, STRS recommends that you schedule an appointment with a regional counselor and encourages you to bring

your intended beneficiary to this interview.





VI. Service Retirement

As you consider the decision to retire, there are several questions you will need to address. Should you retire at age 60, or earlier? Should you consider filing for disability retirement? How will you provide a continuing allowance for a survivor?

If you have not already done so, you may wish to make an appointment with a STRS Regional Counselor in your area to discuss retirement planning, and receive an estimate of your retirement benefit before you file an application for service retirement. (If you are considering filing for disability retirement, please refer to Section VII, Disability Benefits Programs.)

When Can I Retire?

The earliest age at which you can retire for service in the STRS DB Plan with a monthly benefit is age 50 under the "30 and Out" alternative explained below. The Standard Early Retirement, Alternative A, is available to you beginning at age 55 providing you have at least five years of credited service. Although you may retire before age 60 (see "Early Retirement" below), the maximum age factor of 2 percent will be used in the calculation of your retirement benefit, beginning at age 60.

The additional requirements for retirement are:

- five of your last six years of credited service must have been performed in California
- at least one year of credited service must have been performed after the most recent refund

OR

 retirement must be concurrent with retirement under the Public Employees' Retirement System, University of California Retirement System, San Francisco City and County Employees' Retirement System, or Legislators' Retirement System

Early Retirement
What are the early retirement
alternatives?

A. Standard Early Retirement (Alternative A)

If you have at least five years of credited service and are age 55 but under age 60, you may retire early with a reduced allowance. The monthly allowance is calculated in the same manner as normal retirement. However, the 2 percent age factor is reduced for each full or partial month between your age at retirement and your sixtieth birthday.

B. 30 and Out (Alternative B)

If you are at least age 50 but under age 55, with at least 30 years of credited service, you can apply for retirement under this alternative. The monthly allowance is calculated in the same manner as normal retirement. However, as with Alternative A, the 2 percent age factor is reduced for each full or partial month between your age at retirement and your sixtieth birthday.





C. Early Retirement Limited Term Reduction Program (Alternative C):

If you are at least age 55, but under age 60, and have at least five years of credited service, you can apply for retirement under this alternative. You will receive one-half the monthly allowance amount calculated as if you were age 60. The reduced allowance will continue for the same number of months after age 60 that you received benefits before age 60. After that, the normal Service Retirement allowance will be paid.

Although Cost of Living Adjustments (COLA) will accrue for Alternative C, increases are not payable under this alternative until the normal service retirement allowance is paid. (See page 29 for more information about COLA)

How to Calculate Your Retirement Allowance How is my retirement allowance calculated? Your retirement allowance is calculated using the following formula:

Formula

Service Credit

- x Age Factor (2 percent at age 60 or older)
- x Final Compensation
- = Retirement Allowance (unmodified)

The formula for calculating an unmodified retirement allowance includes three elements:

1. Service Credit—your years (full and partial) of credited service. You must have worked full-time during the year to receive one full year of service credit. See your STRS Annual Statement of Account for your service credit.

Sick Leave Credit

Additional service credit will be granted for unused sick leave if you became a STRS member before July 1, 1980, and have been a member continuously since that time. The service credit granted for unused sick leave is determined by dividing the number of accumulated unused sick leave (as certified by your last employer) by the number of base service days required to complete the last school year, if employed full time.

Sick leave credit cannot be used to meet eligibility requirements for service retirement.

The formula for determining unused sick leave is:

Accumulated Days of Unused Sick Leave/ Number of Base Days for Full-Time Service = Service Credit Amount Granted

Example

Rick Jones has taught for 20 years. He has 125 sick days and 182 base service days.

125 (unused sick days) ÷ 182 (number of days for full-time service) = .687 service credit for unused sick leave.

This is added to Rick's 20 years of credited service for a total of 20.687 years of service credit.

- 2. Age Factor—the age factor is the percent of pay to which you are entitled for each year of service credit. This percentage is determined by your age on the last day of the month in which your retirement is effective. At age 60 and older, you are entitled to a two percent age factor. (See Table on page 32 for other age factors.)
- **3. Final Compensation**—the highest average annual compensation earnable by a member during any period of three consectutive years of paid employment covered by STRS.*

The annual earnable compensation for a school year is based on the gross monthly pay rates which could have been earned for credited service. Overtime compensation is not included. Your gross monthly pay rate earnable per pay period is multiplied by the number of months in which you received compensation. If you plan to retire before the end of the school year, the annual earnable compensation for that year is pro-rated to your retirement date.

STRS will use your last three consecutive years of creditable earnings (or the last 12 consecutive months, if applicable**) in determining your final compensation, unless you specify another time frame on your retirement application.

*Non-consecutive final compensation is available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, STRS will use any three non-consecutive school years to determine final compensation.

**The use of one-year final compensation is available for eligible classroom teachers provided it has been included in a written collective bargaining agreement, and all costs are paid by the employer, the employee, or a combination of the two.

Formula for Calculating Unmodified Retirement Allowance



Service Credit x Age Factor x Final Compensation = Unmodified Allowance

Retirement Allowance Calculation Example

John retires at age 60 with 25 years of credited service, highest average three years compensation is \$45,000. (\$45,000÷12=\$3,750)

..... 25 (Service Credit)

..... x 2% (Age Factor)

..... x \$3,750(Final Compensation)

 $25 \times 2\% = 50\% \times \$3,750 = \$1,875$

\$1,875— John's Unmodified Monthly Allowance

The unmodified allowance is usually the highest monthly allowance available to retired STRS members. It does not provide for a monthly income to a survivor after your death.

The unmodified benefit will provide you with a monthly allowance for your lifetime. Benefits will stop upon your death. Your beneficiary is guaranteed a return of any contributions and interest credited to your account at the time of retirement, minus the total amount already paid to you.

If you wish to provide a monthly income to a beneficiary after your death, you must elect an option. (See Electing an Option, this section, for additional information.)

Cost of Living Adjustment (COLA)

Each year you will receive an increase equal to 2 percent of your initial allowance, beginning on September 1 after the first anniversary of your retirement.

The adjustment will be reflected on your October 1 payment. COLAs are not compounded.

Purchasing Power Protection

Purchasing Power is a measurement of how your retirement allowance keeps pace with inflation. For example, if your benefit stays the same, but prices have doubled, your purchasing power is only 50 percent of what it was.

In addition to the annual COLA, two types of post-retirement benefit enhancements support the purchasing power of retired STRS members:

 the Legislature from time to time grants ad hoc increases to supplement the two percent adjustment. Ad hoc increases are calculated once and paid as long as funds are available for payment.





• the other type of adjustment is oneyear supplemental benefit payments, payable in quarterly installments, with amounts dependent on the money available for that year. There are two sources of funds for these supplemental payments. Since 1984, revenue derived from the use of school lands has been prorated among benefit recipients whose allowances have fallen below 75 percent of purchasing power. And since 1989, State contributions have provided a minimum of 68.2 percent of purchasing power for all STRS benefit recipients.

For information about taxes and benefits, withholding, payment amount limits, see Section IX, Tax Information and Legal Issues.

Service Retirement Worksheet

You may use this worksheet to estimate your Service Retirement allowance; however, STRS recommends you see a retirement counselor before making any decisions about your retirement.

Sample

Mary is retiring at age 60 with 25.250 years of service.

Step #1 Determine Service Credit and Age Factor

Service Credit = 25.250 (years of service)

Retirement Factor = 2% based on Mary's age at retirement (see Age Factor Table, page 32)

Step #2 **Determine Final Compensation**

Mary's highest three consecutive school years of earnable salary

1996/97 \$48,000 1995/96 \$47,000 1994/95 \$45,000 **Total Earnable Salary** \$140,000 ÷ 36 months

Monthly Final

Compensation \$3,888.89

Step #3 Calculate Allowance

Service Credit	25.250
x Retirement Factor	x .02
x Final Compensation	x \$3,888.89
=	\$1 963 89

Mary's unmodified monthly allowance is \$1,963.89

Your Estimate

You plan to retire at age _

Step #1 Determine Service Credit and Age Factor

Service Credit = ______(years of service)

Retirement Factor = _____(% for your age at retirement)

(see Age Factor Table, page 32)

Step #2 Determine Final Compensation

Enter your highest three consecutive school years of earnable compensation

1996/97	\$
1995/96	\$
1994/95	\$
Total Earnable Salary	\$
_	÷ 36 months
Monthly Final Compensation	\$

Step #3 Calculate Allowance

Service Credit	x
x Retirement Factor	x
x Final Compensation	==================================
Your unmodified monthly allowance is	\$





Age Factor Table

The age factor is a percentage determined by your age (on the last day of the month in which your retirement is effective).

The age factor equals 2 percent at age 60 or over.

From age 55 to 60, the factor is reduced by 0.01 (one one-hundredth) of a percent of a factor for each month or fraction of a month in which the member is under age 60.

For example, if you are age 55 and six months when you retire, your age factor is 1.46 percent.

For Early Retirement Alternative B, the factor is further reduced by 0.005 (one- half of one one-hundredth) percent of the factor for each month or partial month under age 55.

Electing an Option How can I provide continuing benefits to a survivor if I should die after I retire?



An option is a plan feature that allows you to choose to redistribute your retirement allowance over both your life and the life of your option beneficiary. If you wish to have a beneficiary receive a monthly income after your death, you may elect one of the following options. Once you retire, your option election is irrevocable, except under very limited circumstances.

Option Two*

Option Two provides you with a modified lifetime monthly allowance. When you die, your option beneficiary continues to receive the same monthly allowance that you were receiving.

^{*} Option One has been discontinued

	Age Factor Table												
	Months 0 1 2 3 4 5 6 7 8 9 10										10	11	
												.,	
	60	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
	59	1.88	1.89	1.90	1.91	1.92	1.93	1.94	1.95	1.96	1.97	1.98	1.99
	58	1.76	1.77	1.78	1.79	1.80	1.81	1.82	1.83	1.84	1.85	1.86	1.87
	57	1.64	1.65	1.66	1.67	1.68	1.69	1.70	1.71	1.72	1.73	1.74	1.75
	56	1.52	1.53	1.54	1.55	1.56	1.57	1.58	1.59	1.60	1.61	1.62	1.63
Vears	55	1.40	1.41	1.42	1.43	1.44	1.45	1.46	1.47	1.48	1.49	1.50	1.51
>	54	1.34	1.345	1.35	1.355	1.36	1.365	1.37	1.375	1.38	1.385	1.39	1.395
	53	1.28	1.285	1.29	1.295	1.30	1.305	1.31	1.315	1.32	1.325	1.33	1.335
	52	1.22	1.225	1.23	1.235	1.24	1.245	1.25	1.255	1.26	1.265	1.27	1.275
	51	1.16	1.165	1.17	1.175	1.18	1.185	1.19	1.195	1.20	1.205	1.21	1.215
	50	1.10	1.105	1.11	1.115	1.12	1.125	1.13	1.135	1.14	1.145	1.15	1.155

Option Three

Option Three provides you with a larger monthly allowance than under Option Two. However, when you die, your option beneficiary's allowance will be one-half of the amount that you were receiving.

Option Four

Option Four provides a modified monthly allowance while both you and your option beneficiary are living. In the event of the death of either you or your option beneficiary, the survivor will receive two-thirds of the modified allowance.

Option Five

Option Five provides a modified monthly allowance while both you and your option beneficiary are living. Upon your death or the death of the option beneficiary, the survivor will receive one-half of the modified allowance.

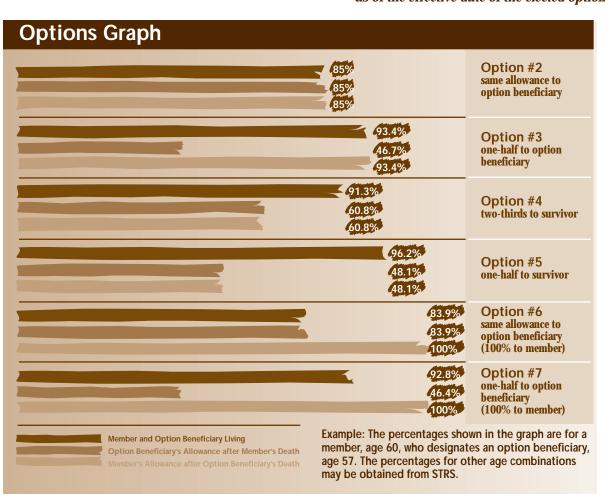
Option Six

Option Six provides you with a modified monthly retirement allowance. Upon your death, your option beneficiary will continue to receive the same modified allowance that you received. If the option beneficiary dies before you, your allowance will rise to the unmodified level.

Option Seven

Option Seven provides you with a modified lifetime monthly retirement allowance, with the reduction less than that under Option Six. Upon your death, your option beneficiary will receive one-half of your modified allowance. If the option beneficiary dies before you, your allowance will rise to the unmodified level.

The graph shows examples of the reduction in the service retirement allowance which occur under various options. The actual percentages for the options depend on the age of both the member and the beneficiary as of the effective date of the elected option.







How is the option allowance calculated?

The formula for calculating an allowance modified by the election of an option is:

Unmodified Allowance x Option Factor = Modified Allowance Amount

Your age and the age of your option beneficiary on the effective date of retirement (or time of election of a preretirement option), plus the option you elect, determine the option factor that will be used in calculating your modified allowance. A sample range of option percentages is shown on the tables on page 37.

An option provides you with a modified retirement allowance, based on a percentage of your unmodified allowance. If you choose an option at the time you retire, the percentage is based on your age and the age of your option beneficiary as of your effective date of retirement.

If you decide to choose an option *before* retirement, the option factor will be based on your age and the age of your option beneficiary as of the date the pre-retirement election of an option is signed. (See page 23 for more details about pre-retirement election of an option.)

The option you elect will determine the allowance your option beneficiary receives following your death, or the allowance you receive following your option beneficiary's death.

May I change or cancel my option selection?

Once you retire, your option election generally cannot be changed. There are two exceptions:

1. If your original option beneficiary dies after the effective date of your retirement, and you had elected Option 2, 3, 4 or 5, you may elect an option again. However, you cannot return to the unmodified benefit unless you elected Option 6 or 7. You may elect a new option beneficiary by completing

the required form and submitting a certified copy of the death certificate to STRS.A further reduction to your allowance will be made.

2. If you and your option beneficiary are divorced, you may cancel the option you previously chose and elect a new option if the option beneficiary was your spouse or a former spouse and a final decree of dissolution of marriage or judgment of nullity has been entered, or an order of separate maintenance has been made on or after January 1, 1978. The new choice must be consistent with the court order.

Further Reduction

When you choose a new option, a further reduction to your allowance will be made. Before changing your option or choosing a new option beneficiary, you should meet with your Regional Counselor to obtain an estimate of your allowance based on the new choice.

Option Worksheets

The following examples are based on a member who chooses an option at the time of retirement. Both the member and the option beneficiary are age 60 on the effective date of retirement.

Note: These examples are based on factors retrieved from the attached tables. Minor differences due to rounding may occur when actual calculations are performed.

Option 2

Under Option 2, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive the same modified allowance for the remainder of his or her lifetime.

Option 2	
Unmodified Allowance	
Example	Your Estimate
\$1,963.89	\$
x Option Factor (Table 2)	
x .866	X
= Option 2 Allowance to I or Option Beneficiary	Member
\$1,700.73	\$

Option 3

Under Option 3, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive one-half of the modified allowance that you were receiving for the remainder of his or her lifetime.

Your Estimate							
\$							
X							
= Option 3 Allowance to Member 1/2 to Option Beneficiary							
\$							
\$							

Option 4

Under Option 4, you will receive a modified retirement allowance. Upon the death of either you or your option beneficiary, two-thirds of the monthly amount you were receiving will be payable to the survivor for his or her lifetime.

ance							
Your Estimate							
\$							
able 4)							
X							
= Option 4 Allowance to Member 2/3 to Survivor							
\$							
\$							

Option 5

Under Option 5, you will receive a modified retirement allowance. Upon the death of either you or your option beneficiary, one-half of the monthly amount you were receiving will be payable to the survivor for his or her lifetime.

Option 5	
Unmodified Allo	wance
Example	Your Estimate
\$1,963.89	\$
x Option Factor	(Table 5)
x .984	X
= Option 5 Allow	vance to Member
\$1,932.47	\$
1/2 to Survivor	
\$ 966.23	\$

Option 6

Under Option 6, you will receive a modified retirement allowance. Upon your death, your option beneficiary will continue to receive the same modified allowance for his or her lifetime. If the option beneficiary predeceases you, your allowance will rise to the unmodified amount.

Option 6	
Unmodified Allowand	e
Example	Your Estimate
\$1,963.89	\$
(payable to men death of Option	
x Option Factor (Table	e 6)
x .854	X
= Option 6 Allowance or Option Benefici	
\$1,676.38	\$







Option 7
Under Option 7, you will receive a modified retirement allowance. Upon your death, your option beneficiary will receive one-half of the modified allowance for his or her lifetime. If the option beneficiary predeceases you, your allowance will rise to the unmodified amount.

Option 7	
Unmodified Allowance	
Example	Your Estimate
\$1,963.89 (payable to membe death of Option Be	•
x Option Factor (Table 7)
x .936	X
= Option 7 Allowance t	o Member
\$1,838.59	\$
1/2 to Option Beneficia	ry
\$ 919.30	\$

Option Table 2

Age of Option Beneficiary

	35	40	45	50	55	60	65	70
	55 82.7	84.0	85.5	87.3	89.2	91.3	93.3	95.1
	56 81.6	82.9	84.4	86.3	88.3	90.5	92.6	94.6
	57 80.4	81.7	83.3	85.2	87.3	89.6	91.9	94.0
	58 79.2	80.5	82.1	84.1	86.3	88.7	91.1	93.4
	59 78.0	79.3	80.9	82.9	85.2	87.7	90.3	92.8
<u>u</u>	60 76.6	77.9	79.6	81.6	84.0	86.6	89.4	92.1
qu	61 75.2	76.6	78.2	80.3	82.7	85.5	88.4	91.2
Member	62 73.8	75.1	76.8	78.9	81.4	84.2	87.3	90.3
of I	63 72.3	73.6	75.3	77.4	79.9	82.9	86.1	89.4
	64 70.7	72.0	73.7	75.8	78.4	81.4	84.8	88.3
Age	65 69.0	70.3	72.0	74.1	76.8	79.9	83.4	87.1
	66 67.3	68.6	70.3	72.4	75.1	78.3	81.9	85.8
	67 65.6	66.8	68.5	70.6	73.3	76.5	80.3	84.4
	68 63.7	65.0	66.6	68.7	71.4	74.8	78.6	82.9
	69 61.9	63.1	64.7	66.8	69.5	72.8	76.8	81.2
	70 60.0	61.1	62.7	64.8	67.5	70.8	74.9	79.5

Option Table 3

Age of Option Beneficiary

	35	40	45	50	55	60	65	70
	55 91.8	92.5	93.4	94.4	95.4	96.4	97.3	98.1
	56 91.2	92.0	92.9	93.9	95.0	96.1	97.1	97.9
	57 90.6	91.4	92.3	93.4	94.5	95.7	96.8	97.7
	58 89.9	90.7	91.7	92.8	94.0	95.2	96.4	97.5
	59 89.2	90.0	91.0	92.2	93.5	94.8	96.1	97.2
er	60 88.4	89.3	90.3	91.5	92.9	94.3	95.6	96.9
Member	61 87.6	88.5	89.6	90.8	92.2	93.7	95.2	96.5
Me	62 86.8	87.7	88.8	90.1	91.5	93.1	94.7	96.2
of	63 85.9	86.8	87.9	89.2	90.8	92.4	94.1	95.7
Age	64 84.9	85.8	87.0	88.4	90.0	91.7	93.5	95.3
V	65 83.9	84.8	86.0	87.4	89.1	90.9	92.9	94.7
	66 82.8	83.8	85.0	86.4	88.2	90.1	92.2	94.2
	67 81.7	82.7	83.9	85.4	87.2	89.2	91.4	93.5
	68 80.5	81.5	82.7	84.3	86.1	88.2	90.5	92.8
	69 79.3	80.3	81.5	83.1	85.0	87.2	89.6	92.1
	70 78.0	79.0	80.3	81.8	83.8	86.1	88.6	91.2





Option Table 4

Age of Option Beneficiary

	35	40	45	50	55	60	65	70
	55 87.7	88.8	90.3	92.2	94.5	97.4	101	105.3
	56 86.9	88.0	89.5	91.4	93.7	96.7	100.3	104.7
	57 86.0	87.1	88.6	90.5	92.9	95.9	99.6	104.0
	58 85.1	86.2	87.7	89.6	92.0	95.1	98.8	103.3
	59 84.1	85.2	86.7	88.6	91.1	94.2	98.0	102.6
_	60 83.1	84.2	85.7	87.6	90.1	93.2	97.1	101.8
gc	61 82.0	83.1	84.6	86.6	89.1	92.2	96.1	100.9
ot Member	62 80.9	82.0	83.5	85.4	87.9	91.1	95.1	100.0
≥ =	63 79.7	80.8	82.3	84.2	86.8	90.0	94.0	99.0
	64 78.4	79.5	81.0	83.0	85.5	88.8	92.9	97.9
Age	65 77.1	78.2	79.7	81.7	84.2	87.5	91.6	96.7
	66 75.7	76.8	78.3	80.3	82.8	86.1	90.3	95.5
	67 74.3	75.4	76.9	78.8	81.4	84.7	88.9	94.2
	68 72.8	73.9	75.4	77.3	79.9	83.2	87.5	92.8
	69 71.3	72.4	73.9	75.8	78.4	81.7	86.0	91.4
	70 69.8	70.8	72.3	74.2	76.8	80.1	84.4	89.8

Option Table 5

Age of Option Beneficiary

	35	40	45	50	55	60	65	70
	55 91.5	92.5	94.0	96.0	98.6	102.1	106.7	112.8
	56 90.8	91.9	93.4	95.3	98.0	101.4	106.1	112.1
	57 90.1	91.2	92.7	94.6	97.3	100.7	105.4	111.4
	58 89.3	90.4	91.9	93.9	96.5	100.0	104.6	110.7
	59 88.6	89.6	91.1	93.1	95.7	99.2	103.8	109.9
)er	60 87.7	88.8	90.3	92.3	94.9	98.4	103.0	109.1
Member	61 86.9	87.9	89.4	91.4	94.0	97.5	102.1	108.2
Me	62 85.9	87.0	88.5	90.5	93.1	96.5	101.2	107.2
of	63 85.0	86.0	87.5	89.5	92.1	95.5	100.2	106.2
Age	64 83.9	85.0	86.5	88.4	91.0	94.5	99.1	105.2
Ø	65 82.8	83.9	85.4	87.3	89.9	93.4	98.0	104.1
	66 81.7	82.8	84.2	86.2	88.8	92.2	96.8	102.9
	67 80.5	81.6	83.0	85.0	87.5	91.0	95.6	101.7
	68 79.3	80.3	81.8	83.7	86.3	89.7	94.3	100.4
	69 78.0	79.0	80.5	82.4	84.9	88.4	92.9	99.0
	70 76.6	77.7	79.1	81.0	83.6	87.0	91.5	97.6

Option Table 6

Age of Option Beneficiary

	35	40	45	50	55	60	65	70
	55 82.5	83.7	85.1	86.7	88.4	90.2	91.9	93.5
	56 81.4	82.6	845	85.6	87.5	89.3	91.2	92.9
	57 80.2	81.4	82.9	84.6	86.5	88.4	90.4	92.2
	58 79.0	80.2	81.7	83.4	85.4	87.5	89.5	91.5
	59 77.8	79.0	80.5	82.2	84.3	86.4	88.6	90.7
0	60 76.4	77.7	79.2	81.0	83.0	85.3	87.6	89.9
Member	61 75.1	76.3	77.8	79.6	81.8	84.1	86.6	89.0
Лeг	62 73.6	74.8	76.3	78.2	80.4	82.8	85.4	87.9
of I	63 72.1	73.3	74.8	76.7	78.9	81.5	84.1	86.8
	64 70.5	71.7	73.2	75.1	77.4	80.0	82.8	85.6
Age	65 68.9	70.1	71.6	73.5	75.8	78.4	81.3	84.3
	66 67.2	68.3	69.9	71.8	74.1	76.8	79.8	82.9
	67 65.4	66.6	68.1	70.0	72.3	75.1	78.2	81.4
	68 63.6	64.7	66.2	68.1	70.5	73.3	76.4	79.8
	69 61.7	62.8	64.3	66.2	68.5	71.4	74.6	78.1
	70 59.8	60.9	62.4	64.2	66.5	69.4	72.7	76.3

Option Table 7

Age of Option Beneficiary

	35	40	45	50	55	60	65	70
	55 91.7	92.4	93.2	94.1	95.0	95.9	96.7	97.4
	56 91.1	91.8	92.6	93.6	94.5	95.5	96.4	97.2
	57 90.4	91.2	92.0	93.0	94.0	95.1	96.0	96.9
	58 89.8	90.5	91.4	92.4	93.5	94.6	95.7	96.6
<u>~</u>	59 89.1	89.8	90.8	91.8	92.9	94.1	95.2	96.3
upe	60 88.3	89.1	90.0	91.1	92.3	93.6	94.8	95.9
Member	61 87.5	88.3	89.3	90.4	91.7	93.0	94.3	95.5
of I	62 86.6	87.5	88.5	89.6	90.9	92.3	93.7	95.0
	63 85.7	86.6	87.6	88.8	90.2	91.6	93.1	94.5
Age	64 84.8	85.6	86.7	87.9	89.3	90.9	92.5	94.0
	65 83.8	84.6	85.7	87.0	88.5	90.1	91.8	93.4
	66 82.7	83.6	84.7	86.0	87.5	89.2	91.0	92.7
	67 81.6	82.5	83.6	84.9	86.5	88.3	90.1	92.0
	68 80.4	81.3	82.4	83.8	85.4	87.3	89.2	91.2
	69 79.2	80.1	81.2	82.6	84.3	86.2	88.3	90.3
	70 77.9	78.8	79.9	81.4	83.1	85.1	87.2	89.4





Guidelines for the Service Retirement Application Process

Since most teachers retire in June, the timing guidelines below use a June retirement date. Retirement during other months will involve similar timing.

Seek Retirement Counseling

(See Section V, What to Consider Before Retirement)
The STRS Regional Counselor can provide you with an allowance estimate based on the various options available and help you fill out your retirement application.

Obtain an Application for Retirement

About January 1, call STRS Teletalk or write to STRS, your employer or your county superintendent of schools to obtain an application for retirement. (See Section X, General Information, for Teletalk messages.)

Complete and Submit the Application by Certified Mail

Complete and mail the application forms to STRS as early as possible, but do not mail them earlier than six months prior to your retirement date. Do not return the application later than the last day of the month in which your retirement is to become effective. Whether you choose an unmodified allowance or an option, this will be your final election unless you notify STRS in writing before the effective date of retirement.

Complete and Return the Beneficiary Designation

Always keep your STRS beneficiary designation up-to-date, including your beneficiary (ies) addresses, even after retirement.

Complete Health Insurance Premium Deduction Authorization

You should also contact your district for procedures to continue your health insurance, since practices vary among districts.

Verify Birthdates and Marriage

Most members retiring under an option must have their option beneficiary's birthdate verified. Under some circumstances, STRS will request verification of your birthdate.

STRS must review the certified birth documents which were issued by the recording agency with custody of the original document. All documents received will be returned when verification is complete.

Acceptable documentation for birthdate verification is listed in order of preference:

- certified birth record (recorded at least seven years before application for STRS benefits)
- certified church baptismal record (recorded within six years of birth)
- transcript of listing in federal census (recorded within ten years of birth).

If you have ever changed your name from the name shown on the record of birth, a certified copy of the marriage certificate or court order documenting the change is required.

If you have the necessary birth and marriage certificates required for election of an option, enclose them with your application. However, do not postpone filing an application if you must obtain the required documents.

If you cannot locate any of the acceptable documentation

If the required document cannot be secured, forward the notice you receive from the official record keeper showing that no record is available.

STRS will help you secure other acceptable documentation.

After you have completed your service retirement application forms, return the original application to STRS in Sacramento by certified mail, return receipt requested.

Retain the "Member Copy" for your records.

Do NOT submit your application to your employer. Your employer is not responsible for the timely submission to STRS of your retirement application.

What STRS does upon receipt of your Retirement Application

Acknowledge receipt of your application

The post office will return the "certified receipt" acknowledging delivery of your application forms. Within two to three weeks, STRS will mail you a letter acknowledging receipt of your application.

Provide a retirement allowance calculation letter

STRS will send a letter detailing your monthly estimated allowance and your first retirement allowance payment.

Send your retirement allowance monthly

STRS will issue your first monthly allowance payment approximately 30–45 days after the effective date of retirement or the date your application is received (whichever is later).

Send an adjustment letter

Your retirement allowance may be adjusted retroactively to your retirement date upon receipt of any additional information (sick leave, Golden Handshake, etc.).

STRS will send you an adjustment letter(s), showing the previous payments made, the correct allowance payable, and the reconciliation of those amounts. If a retroactive amount is due, it will be paid shortly after the adjustment letter(s) is mailed.

The adjustment letter(s) will also show the total amount of your contributions as a member of STRS. You should save the last letter to assist you in determining your income tax liability.

Direct Deposit

If you want the quickest possible access to your monthly retirement payment, you should sign up for STRS Direct Deposit service. Direct Deposit is the fastest, safest and most convenient method of receiving your monthly payment.

- It's the fastest because your money is deposited immediately and automatically into your account. If you have your check mailed to the bank or sent to your home, you will experience some delay from the time the check is mailed to the time you can access your money.
- It's the safest because your money goes from one source directly to the other via computer. You don't have to worry about a check being stolen, lost or delayed in the mail.
- It's the most convenient because your money is automatically deposited with your financial institution. This is particularly important if you do not have easy access to your financial institution.

With Direct Deposit, your money will be credited electronically to your bank account on the day your check is issued. A Direct Deposit Advice will be mailed to your home address on the first of each month. Funds may be deposited into a checking or savings account in any U.S. financial institution you choose.

STRS supports and encourages enrollment in Direct Deposit. If you would like Direct Deposit, you can request a form from STRS automated telephone system at 1-800-228-5453. Or call the Public Service Unit at 1-800-228-5453 or (916) 229-3870.





Health Insurance

STRS does not provide health insurance coverage. However, you may authorize STRS to deduct group insurance premiums from your monthly retirement allowance. Complete instructions on this subject are included in the service retirement application packet.

Post-Retirement Employment
Are there any employment
restrictions after I retire?
Your only restrictions on employment after
service retirement are within the public
school system of California. The Education
Code prohibits employment in a classified
position while a member is retired for
service. The only exception is employment as

You may accept employment outside the California public school system in any capacity, and continue to receive your STRS service retirement allowance with no limitation on your earnings.

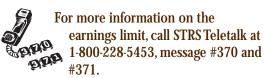
a teacher's aide.

However, if you are performing creditable service (see Section XI, Glossary) in kindergarten through community college, as an employee of a public school district, an independent contractor, or an employee of a third party, there is a restriction on the amount you can earn without affecting your STRS service retirement allowance. (See Class-size Reduction below for exception for K–12.)

As of July 1, 1997, the limit on earnings from public school employment is \$18,300 for the school year. Each July 1, the earnings limit is adjusted to reflect specified increases. STRS notifies employers and members retired for service of each year's earnings limit.

Your STRS retirement allowance will be reduced by the amount of creditable earnings from public school employment in excess of the limit established by law.

Post-retirement employment for creditable service may not be earlier than your effective date of retirement



Class-Size Reduction

The Class-Size Reduction Program provides funding for school districts to reduce class sizes to no more than 20 pupils per classroom in kindergarten through third grades. STRS members who retired for service on or before July 1, 1996, and are subsequently hired to fill vacancies in grades K–12 created by the Class-Size Reduction Program are exempt from the post-retirement earnings limitation, provided documentation for this exemption is submitted by your employer.

Employers can certify exemptions for the period beginning July 1, 1996, and extending through June 30, 1999, provided the employment meets the criteria established by law.

Reinstatement to Active Member Status

Occasionally, a STRS member retired for service decides to reinstate to active member status. You may be reinstated upon receipt of your written request to terminate your retirement allowance.

STRS strongly recommends you meet with a regional counselor if you are planning to reinstate to active member status.

You should be aware of the following restrictions.

One Year Before Next Retirement

At least one year must elapse from the date of your reinstatement to active member status from either service retirement or disability retirement before you may retire again from STRS.

One Year Service Credit for Disability or Survivor Benefits

You must earn at least one year of service credit after the date of your reinstatement from service retirement before you qualify for disability benefits or for survivor benefits upon your death.

Golden Handshake

If you retired on or after January 1, 1985, and reinstate, you will lose any additional service credit that you may have acquired by participating in the Golden Handshake Program.

Sick Leave

You will not receive additional service credit for unused sick leave accrued for service performed after you reinstated.

Pre-Retirement Election of an Option

You are not eligible to file a pre-retirement election of an option until one year has elapsed after the date of reinstatement from service retirement. However, if you retired for service under an option, that option will automatically become a pre-retirement election when you reinstate.

Coverage B

When eligible, you will be covered by Coverage B for survivor and disability benefits.

Calculation

When you retire for service a second time, your new service retirement allowance will be equal to the sum of both of the following:

1. An amount equal to the last unmodified allowance received immediately before reinstatement, increased by the 2 percent COLA that would have been applied to the allowance if you had not reinstated;

PLUS

2. An amount based on service earned since your last reinstatement, your age at the subsequent retirement and final compensation.

Continuing Withholding of Health Insurance Premiums

If STRS is withholding health insurance premiums from your allowance and you decide to reinstate, you will need to make arrangements with your health insurance carrier to ensure premiums continue to be withheld.

Beneficiary Designation

Throughout your career, it is important to keep a valid and current STRS beneficiary designation form on file at STRS.

A lump-sum death payment will be payable to your designated beneficiary, if you should die. If no beneficiary designation is in effect on the date of death, the lump-sum death payment will be paid to your estate.

A valid beneficiary designation, with the beneficiary's current address, will eliminate the need for a lengthy search for potential beneficiaries and reduce the amount of time necessary to process and distribute funds payable.

A beneficiary designation received by STRS after January 1, 1987, remains valid until revoked by the member. Marriage, dissolution or annulment after that date does not automatically invalidate a beneficiary designation.

If, however, your most recent beneficiary designation was received before January 1, 1987, and a marriage, dissolution or annulment occurred after the designation was received by STRS and before January 1, 1987, the designation is invalid.

Your STRS Annual Statement of Account identifies your designated beneficiaries. You can designate one or more beneficiaries, and there is no restriction on who you may name.

For additional information, call STRS automated telephone system at 1-800-228-5453 to request a beneficiary designation form.





VII. Disability Benefits Programs

As a member of the California STRS DB Plan, you have disability protection under one of STRS disability benefit programs. If you are unable to work because of illness or injury and meet eligibility requirements, you may be entitled to disability benefits until you recover.

Disability benefits are available to you if you meet eligibility requirements and you have a medically determinable physical or mental impairment that prevents you from performing your usual job or comparable duties. The impairment must be permanent, or expected to last at least twelve continuous months. Comparable duties are those for which you are qualified or can become qualified within a reasonable period of time with education, training, or experience.

Regional Counseling Services Before you file for disability benefits, STRS suggests you see a STRS Regional Counselor. Counselors can explain the facts you should consider before making any

decisions. When scheduling an interview, inform the schedule coordinator that you wish to discuss disability application. If you are 55 or older and have 25 years or more of service credit, it is especially important that you consult with a STRS Regional Counselor before completing a disability application, in order to compare the differences between disability and service retirement benefits.

For a list of Regional Counseling Centers, refer to Section X, General Information.

Reasonable Accommodation

Sometimes adjustments in the work environment can enable a member to continue working. Federal and state laws require employers to make reasonable adjustments for employees. Making such adjustments is known as "reasonable accommodation." STRS may also require you to request reasonable accommodation from your employer.

Examples of reasonable accommodation include employing a teacher's aide, changing your grade level or subject assignment, improving your classroom or parking assignment, relieving you from yard duty, and assigning you to other positions for which you may be qualified.

If you have questions about reasonable accommodation, contact your school district, or call STRS at 1-800-228-5453 or (916) 229-3870 to select message #401, or talk to

Public Service staff.





Filing a Disability Benefit Application

How

You can request a disability application packet from the STRS Sacramento office. Call Teletalk at 1-800-228-5453 or write to STRS at the address shown in Section X, General Information. Include your Social Security number with your request. All application documents should be sent by certified mail with a return receipt requested.

When

You can file an application while you are working, on sick leave, or receiving differential pay benefits from your employer.

STRS encourages you not to wait until all benefits are exhausted before filing for disability benefits.

The effective date of disability benefits cannot be earlier than the first day of the month the application is received at the STRS office in Sacramento, and must be later than the last day of service for which you are paid. If your application is approved, payment will be made retroactive to your effective date.

How long does it take to process a claim?

The length of processing time varies with individual cases. Medical information, including additional professional opinions, may be required to make a final determination. You can help STRS by filing a complete application, including relevant physician and hospital reports, and promptly providing any other required documentation.

Information you may be asked to provide

If you believe you are eligible to file for benefits, you will need to provide information, including medical records, hospital reports, and a vocational profile questionnaire completed by your employer. You are responsible for any fees charged for providing information to STRS.

If additional medical information is necessary, an Independent Medical Examination (IME) may be scheduled for you. STRS will notify you if this is necessary, and STRS will pay for the IME and any reasonable related costs.

Independent Vocational Evaluation

An Independent Vocational Evaluation may be required to determine if you can perform your essential core duties at a "comparable level." Duties of a comparable level are defined as any job that a member may be qualified to perform, that will provide earnings of 66 2/3 percent or more of your indexed final compensation.

The Independent Vocational Evaluation usually begins with an interview with a vocational consultant. The consultant will discuss your job history and residual functional capabilities and limitations. Your employer may be interviewed to determine if your job can be modified, and to see if reasonable accommodation would allow you to continue working.

Notification

You will receive written notification once STRS reaches a decision on your disability application.

If you are still working in a position requiring STRS membership at the time of approval, you must cease on-the-job employment before STRS can begin paying your benefits. Notification of your approval will also be sent to your employer.

You should receive your first disability payment within 45 days after all necessary information is received. The payment will include any retroactive disability payment amounts due.

After receipt of this first payment, you will receive a regular disability payment on or about the first day of each month.

Special Approval Conditions

Prescribed Treatment Program

If your disability is amenable to treatment that could allow you to perform your usual duties or those of a comparable level, you may be required to participate in a Prescribed Treatment Program developed by your attending physician.

Limited-Term Disability Benefits

If your condition is expected to improve with mental, physical, or vocational rehabilitation, you may be approved for limited-term disability benefits.

A limited-term approval is also appropriate when you are in the process of recovering from willful substance abuse.

These benefits are granted for a specific time period. STRS can renew them if your condition does not improve.

Vocational Rehabilitation Program The STRS Rehabilitation Program provides a variety of services to disabled members.

If STRS determines that you are a potential candidate for the Rehabilitation Program, an Independent Vocational Evaluation will be conducted to assess your current capabilities and limitations. The consultant will also discuss your career interests and help you to develop a rehabilitation plan with the goal of obtaining comparable level employment.

You are required to make a good faith effort in developing a rehabilitation plan.

Upon development and approval of your plan, STRS will pay reasonable costs for tuition, fees, books and supplies related to a college or vocational training program, transportation, job placement assistance, and other activities that prepare you to return to comparable level employment.

Your allowance will not be terminated if your medical condition worsens and you cannot continue your vocational rehabilitation program.

Disapproval and Right to Appeal

If your disability application is not approved, you will receive a letter explaining the reasons.

You can appeal this decision within 90 days of the date of the letter by sending a written request to the STRS Legal Office.

If you have reached age 55 or older at the time disability benefits are denied, information about service retirement will also be sent to you. You may apply for and receive a service retirement allowance while you appeal the disability decision.

Who hears the appeal?

• Office of Administrative Hearings

Appeals are processed through the Office of Administrative Hearings, a governmental agency independent of STRS.

You may represent yourself or hire an attorney to represent you at the hearing. An Administrative Law Judge hears all evidence related to the case and issues a proposed decision to the Teachers' Retirement Board.

Teachers' Retirement Board
 The Board can adopt or reject the decision of the Administrative Law Judge. If you are dissatisfied with the decision of the Teachers' Retirement Board, you can appeal the Board's decision to a Superior Court.

Steps in the Disability Process

- Request an application packet from STRS.
- Send the application and any pertinent documents to STRS, certified mail, return receipt requested.
- STRS receives and acknowledges receipt of your disability application and other documents you submit.
- STRS reviews application and your eligibility status and mails medical requests and other necessary documents to you.





- STRS awaits receipt of information and sends follow up requests for missing documents.
- STRS will notify you if an Independent Medical Examination and/or Independent Vocational Evaluation needs to be scheduled.
- STRS reviews all data on file and determines approval or disapproval.
- All cases recommended for disapproval and some complex cases receive quality oversight by staff.
- STRS sends notification of decision to you.

Coverage A or Coverage B

You are protected for disability under either Coverage A, Disability Allowance or Coverage B, Disability Retirement.

If you became a STRS member after October 15, 1992, you are protected under Coverage B. If you became a STRS member before that date, you were offered the choice of either Coverage A or Coverage B.

Your Annual Statement of Account will show which disability coverage you have, or, if you are not certain of your coverage, you can call STRS Public Service at 1-800-228-5453 or (916) 229-3870.

Coverage A Disability Allowance Program

The information in this section is for individuals who became members of STRS before October 16, 1992, and did not elect Coverage B. If you elected Coverage B, see page 52.

A member receiving Disability Allowance, Coverage A, is *not* considered retired. You will remain an "active" member of STRS and continue to accrue service credit toward retirement while you are receiving a STRS disability allowance. The allowance will continue to be paid as long as you remain disabled or until you reach age 60. At age 60, the disability allowance will be terminated, and you will be eligible to apply for service retirement. A disability allowance may continue beyond age 60 only if you have eligible children and remain disabled.

Eligibility Requirements

To apply for a disability allowance you must meet the following requirements:

- Age You must be under age 60.
- Service credit
 You must have five or more years of credited service, and four of the five years of credit must be for actual service in a position requiring STRS membership.
 At least one year of service must have been earned after the date of your most recent reinstatement to membership from Service Retirement, or your most recent refund of accumulated contributions (if applicable)

and

Your last five years of credited service must have been performed in California.

Coverage A Disability Allowance, Formulas How is the disability allowance calculated?

Regular Calculation—The disability allowance for most applicants is 50 percent of final compensation.

Final compensation for a full-time employee is generally the highest average monthly compensation earnable by a member during any period of three consecutive years (36 consecutive months) of credited service.

For periods of part-time employment (i.e., hourly, substitute, daily salaries), final compensation may be computed using actual salary earned during that period. Contact STRS for more information.

Alternative Formula—An alternative formula is used for members who have less than 10 years of service credit and who become disabled between the ages of 45 and 60. The disability allowance formula for these members is 5 percent of final compensation for each year of credited service.

Example 1:

If you qualify for a disability benefit at age 50 with five years of service credit, you would receive an allowance of 25 percent of final compensation. If your final compensation is \$3,600 a month, your disability allowance would be calculated as follows:

5 percent x 5 years of service credit

= 25 percent

25 percent x \$3,600 = \$900

(final compensation)

Example 2:

If you have nine years of service credit, your allowance would be calculated at 45 percent of final compensation.

5 percent x 9 years of service credit

= 45 percent

45 percent x \$3,600 = \$1,620 (final compensation)

Will receipt of other benefits affect the STRS disability allowance?

Yes. Your monthly STRS allowance, including the amount received for a dependent child, will be reduced by the full amount paid or payable from other public systems. Children's benefits will not be affected.

Other public systems include:

- Workers' Compensation
- · Social Security disability
- · Federal military disability
- Income protection plans (if premiums were paid by the school employer, not by the member), and any other disability program financed with public funds.

Will the allowance be increased for dependent children?

Yes, if you have eligible children you will receive an additional 10 percent of final compensation for each child, up to a maximum of four children (or 40 percent). The maximum allowance payable to a member is 90 percent of final compensation.

A child is eligible if, on the date of the disability allowance, he or she is:

- the natural, adopted or stepchild of the member, and not adopted by a person other than the member's spouse,
- born within the 10-month period commencing on the effective date of the member's disability allowance,
- under age 22,
- financially dependent upon the member

Disability Allowance Worksheet

Final compensation must be determined before the monthly disability allowance can be calculated. Service credit is not a factor in the determination of the disability allowance, except when determining the monthly allowance under Coverage A when a member has less than 10 years of service credit and is between the ages of 45 and 60.

Disability Allowance Examples

Example 1: 50 percent Formula

Charles is granted disability benefits with a benefit effective date of July 1. He has 14 years of service credit. Charles has one eligible child and he receives \$300 a month from Workers' Compensation.

Step A: Final CompensationHighest 36 consecutive months Earnable Salary



7/I/94 to 6/30/95 (12 mo)	\$ 42,430.00
7/I/93 to 6/30/94 (12 mo)	\$ 39,850.00
7/I/92 to 6/30/93 (12 mo)	\$37,700.00
(36 mo)	\$119,980.00
	= \$119,980
	÷ 36 Months
Final Compensation	= \$3,332.78





Step B: Calculate Disability Allowance



1. Final compensation x 50% (\$3,332.78 x 50%) = 1,	666.39
2. Less benefit payable from another public system = (Workers' Compensation)	300.00
3. Eligible children (1 child @ 10%) (10% x \$3,332.77) =	333.28
4. Monthly allowance before offset for other public benefit = \$1,	999.67
5. Adjusted monthly allowance = \$1,	699.67

Example 2: Alternative Formula

Sharon is granted disability benefits with a benefit effective date of January 1. She has service credit of 8.072 years and is between age 45 and 60. She has 2 eligible children and receives \$300 a month from Workers' Compensation.

Step A: Final Compensation

Highest 36 consecutive months Earnable Salary

7/I/95–12/31/95 (6 mo)	\$20,950.02
7/I/93–6/30/94 (12 mo)	\$39,256.00
7/I/92–6/30/93 (12 mo)	\$36,624.00
1/I/92-6/30/92 (6 mo)	\$17,265.00
(36 mo)	\$114,095.02
	\$114,095.02
	÷ 36 Months
Final Compensation =	\$3,169.31

Step B: Calculate Disability Benefit



~~	p 21 curcurate 215a	ARRA DOLLEY	₽
1.	Number of years of service credit	8.072	
2.	Service Credit x 5% x Final Compensation (8.072 x 5% x \$3,169.3	\$1,279.13 31)	
3.	Eligible children (2 x 10% x \$3,169.31)	\$633.86	
4.	Monthly allowance bef offset for other public		
5.	Less allowance payable from other public syste (Workers' Compensatio	em = -300	

6. Adjusted Monthly Allowance = \$1,612.99

Earnings Limits

How much income can I earn and still receive a disability allowance?

You are allowed to earn money while receiving a disability allowance. STRS recognizes that it can be useful for you to begin with part-time or limited employment as you return to teaching or other employment.

The law establishes two separate earnings limits for members receiving a disability allowance: a single-month earnings limit and a six-month earnings limit. The earnings limits are initially based on your "final compensation."

Each year an index-factor, developed from the average salary increase of all STRS active members, is used to determine "indexed final compensation." Indexed final compensation serves as a measure of current salaries.

Single-Month Earnings Limit

The sum of your base disability allowance, plus your earnings from all employment, is compared to your indexed final compensation. A comparison is made to determine if your earnings have exceeded the single-month earnings limit.

This example is based on a member who has a base disability allowance of \$1,500.00 and employment earnings of \$2,075.00 in a single month. The member's employment earnings plus the base disability allowance exceed 100 percent of indexed final compensation (\$3,100.00). The amount of this overpayment (\$475.00) must be recovered by STRS.

\$1,500.00	(base disability allowance)
+2,075.00	(monthly employment earnings)
\$3,575.00	(total monthly income)
-3,100.00	(indexed final compensation)
\$ 475.00	(overpayment)

Six-Month Earnings Limit

STRS makes a separate calculation which compares your earnings to 66 2/3 percent of your indexed final compensation. This example is based on a member earning \$2,075.00 monthly from employment earnings over any continuous six-month period. Because the member is able to earn 66 2/3 percent of the indexed final compensation from employment earnings over any continuous six-month period, he or she is no longer considered disabled and consequently no longer eligible to receive a disability allowance. Any allowance payments made after this period will be recovered by STRS.

\$ 3,100.00	(indexed final compensation)
х .66667	(66 2/3%)
х 6	(months)
\$ 12,400.06	(6 mo. earnings limit)
\$ 2,075.00	(monthly employment earnings)
х 6	(months)
\$ 12,450.00	(6 mo. employment earnings)
-\$12,400.06	(6 mo. earnings limit)
\$ 49.94	(earnings in excess of 6 mo. earnings)

Excess Earnings

If you are enrolled in an approved STRS vocational rehabilitation plan, 50 percent of the amount earned in excess of the indexed final compensation will be deducted from your disability allowance.

Annual Report of Earnings

You are required to provide an annual report of your gross earnings to STRS. The Employment Development Department (EDD) and your employer provide verification of the earnings you report to STRS.

Periodic Review of Status

STRS will review your medical and vocational status for continuing eligibility from time to time. This review may include:

- periodic medical reports from your doctor
- your annual earnings, from all employment, if any
- an annual inquiry regarding other disability benefits

You should notify STRS if:

- you return to employment or become self employed
- you change your address
- benefits you receive from another public agency change
- · your child is married

It is important that you keep STRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur.

Pre-Retirement Election of an Option

You are not required to cancel a preretirement election of an option in order to be eligible for a disability allowance. In addition, after reaching age 55, you may make a pre-retirement election of an option while receiving a disability allowance. (A family allowance will not be payable if there is a preretirement election of an option in effect.)

This election is available if you want to ensure a monthly lifetime income to another person should you die prior to retirement. (See Section V, What to Consider Before Retirement, for more information regarding pre-retirement election of an option.)

Conversion to Service Retirement What happens when I reach age 60?

Approximately six months before your sixtieth birthday*, STRS will notify you of the pending termination of the disability allowance and your eligibility to apply for Service Retirement.

^{*} For members with dependent children, termination of the disability allowance is postponed until the children are no longer eligible.





The notification will include an estimate of the unmodified service retirement allowance you are eligible to receive and a service retirement application packet.

Before calculating your service retirement allowance, STRS will project your service credit through the duration of your disability. The final compensation used for the disability allowance will be projected forward at the rate of two percent per year. Your retirement allowance will be calculated using your actual and projected service credit and projected final compensation. You will receive either the service retirement allowance or the disability allowance you had been receiving prior to your sixtieth birthday, whichever is less.

You may also elect to modify the service retirement allowance by choosing one of the available options.

For more information, call STRS automated telephone system at 1-800-228-5453 and select message #426.

Coverage B
Disability
Retirement Program

The information in this section is for members who joined STRS after October 15, 1992, and for individuals who elected Disability Retirement, Coverage B, during the election held between October 1992–April 1993.

Note:A member receiving a disability retirement allowance is considered retired. Your allowance will continue to be paid as long as you remain disabled, without respect to age. Upon return to full-time employment, or if you are found to be no longer disabled, your disability retirement allowance will be terminated, and you will be reinstated to membership.

Eligibility Requirements

To apply for a disability retirement allowance, you must meet the following requirements:

- Age There are no restrictions.
- Service credit
 You must have five or more years of
 credited service. Four of the five years of
 credit must be for actual service in a
 position requiring STRS membership.

At least one year of service credit must have been earned after the date of your most recent reinstatement to membership:

1) after receiving a disability allowance 2) following a service retirement or 3) following the most recent refund of your accumulated contributions.

Your last five years of credited service must have been performed in California.

Concurrent Retirement

You may be eligible to retire concurrently with another pension system such as the Public Employees' Retirement System (PERS) or the University of California Retirement System. To qualify, you must be fully vested in STRS and meet all of the STRS requirements. For purposes of computing final compensation, you may use the salary(ies) from employment under the other System, if it is higher than your STRS salary.

Option Beneficiary

An option is a plan feature that allows you to choose to redistribute your disability retirement allowance over both your lifetime and the lifetime of a beneficiary you choose. An option provides a modified retirement allowance based on a percentage of the unmodified allowance level. At the time you retire for disability, you may elect an option if you wish to have a beneficiary receive a monthly income after your death. The amount of your modified allowance will depend upon your age and the age of your option beneficiary on your disability retirement effective date.

Option tables for disability are not included in this handbook. For an estimate of your allowance and the allowance of your beneficiary under each of the options, STRS recommends you contact a Regional Counselor.

(See Section VI, Service Retirement, for more information on Options, or Section X, General Information, for Regional Counselor locations and telephone numbers.)

Coverage B Disability Retirement Formula How is the disability retirement allowance calculated?

The disability retirement allowance formula is 50 percent of final compensation. This is also referred to as the "unmodified" allowance.

Final compensation for a full-time employee is generally the highest average monthly compensation earnable by a member during any period of three consecutive years (36 consecutive months) of credited service. One-year final compensation is available for eligible classroom teachers provided it has been included in a written collective bargaining agreement, and all costs are paid by the employer, the employee, or a combination of the two. (See page 29 for non-consecutive final compensation and one-year final compensation.)

An unmodified allowance is usually the highest monthly allowance available to a disability retired member. Upon your death, the unmodified allowance will stop. It does *not* provide for a monthly income to a survivor after your death.

Will receipt of other benefits affect the STRS disability retirement allowance?

Yes, your monthly STRS allowance will be reduced by the full amount paid or payable from Workers' Compensation. Children's benefits will not be affected.

Will the allowance be increased for dependent children?

Yes. If you have eligible children you will receive an additional 10 percent of final compensation for each child, up to a maximum of four children or 40 percent. The maximum allowance payable to a member is 90 percent of final compensation.

To qualify, your child must be financially dependent upon you on the effective date of your disability retirement allowance, and a child must be under age 21. The payment for children will continue until they are age 21, even upon your death.

When your child no longer meets the eligibility requirements, the monthly allowance will no longer include the child's increment.

Disability Retirement Allowance Worksheet

Final compensation must be determined before your monthly allowance can be calculated. Service credit is not a factor in the determination of the disability retirement allowance.

If you have selected a disability retirement option, your unmodified allowance will be adjusted, depending on the option you have chosen.

Disability Retirement Examples Example 1:

Jack is granted benefits with an effective date of September 1. He has three eligible dependent children. He has elected to receive an unmodified allowance.

Step A: Final CompensationHighest 36 consecutive months Earnable Salary



7/I/96-8/31/96 (2 mo)	\$ 5,727.30
7/I/95–6/30/96 (12 mo)	\$33,099.00
7/I/94–6/30/95 (12 mo)	\$30,375.60
9/I/93-6/30/94 (10 mo)	\$24,908.30
(36 mo)	\$94,110.20
	÷ 36 months
Final Compensation =	\$2,614.17





Step B: Calculate Disability **Retirement Allowance**



1. Final Compensation x 50% x Unmodified Allowance (\$2,614.17 x 50% x \$1,307.09)

2. Allowance payable from Workers' Compensation

- \$N/A

3. Number of Eligible children

\$784.25

(3 x 10% x \$2,614.17)

4. Adjusted Monthly Allowance

\$2,091.34

Earnings Limit

You are allowed to earn money while receiving a disability retirement allowance. STRS recognizes that it can be useful to begin with limited employment as you return to teaching or other employment.

However, your earnings from all types of employment, including self-employment, are subject to an earnings limit, unless you are enrolled in an approved rehabilitation plan.

There is no earnings limit if you are enrolled in an approved rehabilitation plan.

How much income can I earn and still receive a disability retirement allowance?

As of July 1, 1997, the limit on earnings is \$18,300 per calendar year. Each July 1, the earnings limit is adjusted to reflect specified increases. STRS notifies employers and members retired for disability of each year's earnings limit.

Your STRS disability retirement allowance will be reduced dollar-for-dollar by the total amount of earnings from all employment in excess of the limit.

You will be asked to provide STRS with an annual report of your gross earnings from all employment. The Employment Development Department (EDD) and your employer(s) verify the reported earnings.

Periodic Review of Status

STRS will review your medical and vocational status for continuing eligibility from time to time. This review may include periodic medical reports from your doctor, your annual earnings, if any, and an annual inquiry about other disability benefits. You should notify STRS if you return to employment or become self-employed; if you change your address; or benefits you receive from workers' compensation change. It is important that you keep STRS informed of events that may affect your benefit eligibility so that overpayment of benefits does not occur.



The STRS Defined Benefit Plan provides benefits to survivors of members who die, either before or after retirement. These benefits are designed to provide a basic level of security for survivors and vary depending on whether the member was covered under Coverage A, Family Allowance or Coverage B, Survivor Benefit.

Coverage A or Coverage B

If you became a STRS member after October 15, 1992, your survivors are protected under Coverage B. If you became a STRS member before that date, you were offered the choice of either Coverage A or Coverage B.

Your Annual Statement of Account will show which survivor coverage you have, or, if you are not certain of your coverage, you can call STRS Public Service at 1-800-228-5453 or (916) 229-3870.

Lump-Sum Death Payment

A lump-sum death payment is payable to the designated beneficiary(ies), under both Coverage A and B.The amount depends on

the member's coverage and whether the death occurred before or after his or her retirement. If the member has not named a beneficiary, the member's estate receives the lump-sum death payment.

Monthly Allowances

Monthly allowances may be paid to eligible survivors of members who die before retirement or who are receiving a disability allowance at the time of death.

These monthly allowances are different from payments made to option beneficiaries of STRS members. An option beneficiary is a person chosen by the member to receive a monthly allowance after the member's death. For information on options and option beneficiaries, see Section VI, Service Retirement, Electing an Option.

Member Has Less Than One Year of Service Credit

If a member has less than one year of service credit, the only benefit payable to the surviving beneficiary is a refund of accumulated retirement contributions and credited interest.

BEFORE If a STRS Member Dies Before Retirement

Coverage A

Under Coverage A, benefits are payable to survivors of a person who became a member of STRS before October 16, 1992, and did not elect Coverage B.





Lump-Sum Death Payment

Under Coverage A, if a STRS member dies before he or she retires, or while receiving a disability allowance, STRS pays a \$5,227 lump-sum death payment to the beneficiary(ies) chosen by the member. (This amount is adjusted periodically by the TRB.) If more than one beneficiary is named, the payment is divided equally, unless the member specifies other percentages of distribution. If there is no designated beneficiary, STRS must make the payment to the estate of the deceased member.

For STRS to pay this benefit, the member must have had one year or more of credited service (including one year of credited service following the most recent refund of accumulated retirement contributions) and death must have occurred during one of the following periods:

- while the member was actively employed or receiving a disability allowance
- within four months after the member terminated employment
- within four months after the member terminated a disability allowance if no service was performed after the termination
- within 12 months of the last day of paid service, if the member was on an approved leave of absence without compensation, for reasons other than disability or military service.

Note: Coverage A includes a provision that would provide death benefits if the disability had been continuous from the last day for which compensation had been paid.

Coverage A-Family Allowance How do survivors qualify for the monthly Family Allowance?

The member must have met the same eligibility requirements as for the lump-sum death payment described above, and the member:

- cannot have a pre-retirement election of an option in effect
- must have earned one year of credited STRS service since reinstatement from service retirement (if applicable)

 must have earned at least one-half year of service credit after a break in service of more than one year (if applicable)

Under Coverage A, a monthly family allowance is payable to:

The surviving spouse with eligible children

A dependent child is eligible if he or she is:

- the natural, adopted or stepchild of the member and not adopted by a person other than the member's spouse;
- born within the 10-month period commencing on the effective date of death,
- under age 22 at the time of the member's death; and
- financially dependent upon the member on the date the member died, or on the effective date of disability, if the member died while receiving a disability allowance.

The surviving spouse will receive 40 percent of the member's final compensation, and 10 percent of the member's final compensation for each child up to a maximum of 50 percent for five or more children. The maximum family allowance is 90 percent of a member's final compensation. The family allowance is payable as long as there is an unmarried, dependent child under the age of 22. (See example on page 57)

The surviving spouse with no eligible children

If there are no eligible children (or when the last child is no longer eligible), the surviving spouse may elect to receive:

 a return of the accumulated contributions and interest in the member's account at the time of death, less all monthly allowances paid

OR

- a monthly allowance beginning at age 60, payable for life. The calculation is based on the projected service and final compensation the member would have accrued as if he or she retired at age 60.
- a monthly allowance before age 60, actuarially reduced.

Dependent children, but no surviving spouse

If there are dependent children, but no surviving spouse, the dependent children are eligible for 10 percent of the member's final compensation for each child up to a maximum allowance of 50 percent. More than five eligible dependent children will share equally in the total 50 percent of final compensation. Benefits are payable to each child until the child is no longer eligible (marries, attains age 22, or is no longer dependent).

Dependent parents

A family allowance can be paid to dependent parents, if there is no surviving spouse and no dependent children. A parent will be paid a monthly payment for life beginning at age 60, or if the dependent parent is under age 60, he or she may elect to receive an actuarially reduced allowance for life. For more information about eligibility requirements for this allowance, contact STRS.

Named beneficiary

If there is not a surviving spouse, eligible children or dependent parents, the remaining contributions and interest in the member's account, if any, will be paid to the named beneficiary(ies) designated to receive the lump-sum death payment.

Offsets

STRS must offset any family allowance under Coverage A by the amount of benefits payable by other public systems because of a member's death. Other public systems include Social Security, federal civil service retirement, federal military disability, railroad retirement, and any other public retirement system, including disability programs financed from public funds.

A copy of the award letter(s) must be sent to STRS so that payments can be adjusted.

Coverage A Family Allowance Example

Rob dies at age 40. His survivors include a spouse with eligible children.

Example	
Member: Rob, age 40	
Spouse: Linda, age 40	ndu E
Children: Mike 15, Robert 10, & Sa	ilidy 5
Service Credit:10 years	
Final Compensation	\$3,220
Spouse's Allowance	+ - /
(40% x \$3,220)	\$ 1,288
	Ψ 1,200
Children's Increment	. 0//
3 x 10% x \$3,220	\$ 966
Family Allowance	
with eligible children	\$ 2,254
Less Social Security	
offset (\$500)	- \$ 500

Linda will receive a monthly family allowance of \$1,754 as long as she has three eligible children. In addition, an annual allowance improvement increase of 2 percent of the initial allowance will be added to the monthly payment each September, beginning a year after Rob's death. As each child becomes ineligible, that child's increment will no longer be included in the allowance.

\$ 1,754

Amount payable by STRS

When her youngest child reaches age 22, Linda, age 57, will have to make a choice.

 She can take the remaining contributions and interest in Rob's account, less all previously paid benefits.

OR

2. At age 60, Linda can receive the surviving spouse allowance payable for life. She will receive a monthly payment of \$1,347.86, based on Rob's projected service and projected final compensation. This equals one-half of what Rob would have received if he had worked to age 60 and elected Option 3.

OR

3. If Linda elects to receive a family allowance before age 60, the allowance will be actuarially reduced.





BEFORE If a STRS Member Dies Before Retirement

Coverage B

Under Coverage B, benefits are payable to survivors of a person who became a member of STRS on or after October 16, 1992, or elected Coverage B.

Lump-Sum Death Payment

Under Coverage B, if a STRS member dies before he or she retires, STRS pays a \$20,908 lump-sum death payment to the beneficiary(ies) chosen by the member. (This amount is adjusted periodically by the TRB.) If more than one beneficiary is named, the payment is divided equally, unless the member specified other percentages of distribution. If there is no designated beneficiary, STRS must make the payment to the estate of the deceased member.

For STRS to pay this benefit, the member must have had one year or more of credited service. If the member had taken a refund of contributions or had reinstated after retirement, the member must have:

· earned one year of credited service,

OR

 six months must have elapsed since reinstatement from disability retirement

OR

- one year must have elapsed since reinstatement from service retirement and the member's death must have occurred during one of the following periods:
- while the member was actively employed
- within four months after the member terminated STRS-covered employment
- within 12 months of the last day of paid service, if the member was on an approved leave of absence without compensation, for reasons other than disability or military service

Coverage B-Survivor Benefit How do survivors qualify for the monthly survivor benefit?

The member must have met the same eligibility requirements as for the lump-sum death payment and the member:

- must not have a pre-retirement election of an option in effect
- must have earned one year of credited STRS service since reinstatement from service retirement (if applicable)
- must have earned at least one-half year of service credit after a break in service of more than one year (if applicable)
- must have died within four months after reinstatement from disability retirement, if member had reinstated to active membership from disability retirement

Under Coverage B, a monthly survivor benefit is payable to:

The surviving spouse

Under Coverage B, the monthly survivor benefit allowance payment is made to a surviving spouse.

The spouse is eligible for a monthly allowance whether there are eligible children or not. The allowance is calculated as if the member had retired under Option 3 on the date of death. Under Coverage B, a surviving spouse has the choice of receiving either a monthly allowance or a return of the member's contributions and interest.

The surviving spouse can begin receiving the survivor benefit allowance either:

 immediately as of the member's date of death
 The benefit is reduced if the member was under age 60 at the time of death.

OR

 when the deceased member would have reached age 60. The monthly allowance is calculated on the member's actual service credit, and final compensation at the time of the member's death. If the member dies on or before age 60, the member's and spouse's ages as of the date the member would have attained age 60 are used in the calculation.

If the member dies after age 60, the member's age and spouse's age as of the date of death will be used in the calculation.

The calculation may also include service credit for the member's unused sick leave if he or she became a STRS member before July 1,1980.

Eligible children

If there are eligible dependent children and the spouse decides to take a survivor benefit, the payment will include a children's monthly increment.

 No child's increment is payable if there is no surviving spouse, or if the surviving spouse decides to receive a return of the member's contributions.

A child is eligible if he or she is:

- the natural, adopted or stepchild of the member, and not adopted by a person other than the member's spouse;
- under age 21 at the time of the member's death, and
- financially dependent upon the member at the time of death.

The child's increment begins on the day following the member's date of death, and is payable until age 21, even if the spouse elects to wait to receive a monthly survivor allowance until the member's sixtieth birthday.

If the surviving spouse dies before the last child reaches age 21, the children's increment is still payable until the child attains age 21.

The children's increment is 10 percent of the member's final compensation for each child, up to a maximum of 50 percent for five or more children.

Offsets

The monthly survivor benefit allowance under Coverage B is *not* reduced by benefits payable from other public systems, such as Social Security.

Coverage B-Survivor Benefit Allowance Example

Rob dies at age 40. His survivors include a spouse with eligible children.

MemberRob, age 40SpouseLinda, age 40ChildrenMike 15, Robert
10, and Sandy 5Service credit10 yearsFinal compensation\$3,220

Linda can choose the survivor benefit allowance or she can choose to take a refund of the contributions and interest in Rob's STRS account. However, if she does not elect a monthly allowance, the children are not entitled to monthly benefits.

If Linda elects the survivor benefit allowance, a children's increment of \$966 per month (3 x 10 percent of \$3,220) is payable for the children immediately as of the date of Rob's death.

Plus

Linda can either defer receipt of her own survivor benefit allowance until Rob would have reached his sixtieth birthday or she can choose to receive a reduced allowance immediately.





Example 2% x 10 years of service x \$3,220 = \$644.00 Option 3 Factor (member and spouse age 60) 94.3% Modified Allowance \$607.29 Linda's allowance if deferred to age 60 (\$607.29 ÷ 2) \$303.64 Linda's allowance if started as of the date of Rob's death \$303.64 x .1740 (age 40 reduction factor) \$52.83

If Linda elects to take the monthly allowance immediately, she will receive a total survivor benefit allowance of \$1,018.83. She will receive each child's increment until that child reaches age 21. After Linda's last child turns 21, she will continue to receive the spouse's portion (\$52.83) for the rest of her life. In addition, an annual allowance improvement increase of 2 percent of the initial allowance will be added to the monthly payment each September, beginning a year after Rob's death. Under Coverage B, the monthly spousal allowance is available immediately, whether the spouse has eligible children or not.

What if there is no surviving spouse? No monthly benefits are payable to survivors if there is no surviving spouse.

What if the deceased member had elected an option?

Some eligible STRS members may have chosen to file a pre-retirement election of an option. In this event, an option benefit is payable, instead of a monthly survivor benefit allowance. See page 32 for more information on options.



If a member dies after he or she is retired, the lump-sum death payment is the same under both Coverage A and Coverage B.

STRS pays a \$5,227 lump-sum death payment to the beneficiary(ies) of a retired member. The amount of the payment may be adjusted periodically by the Teachers' Retirement Board. If more than one beneficiary is named, the payment is divided equally, unless the member specified other percentages of distribution. If there is no designated beneficiary, STRS must make the payment to the estate of the deceased member.

Monthly Allowance

Once a member has retired, no monthly allowance is payable to survivors unless the member has chosen one of the options described in Section VI, Service Retirement, Electing an Option. If the member has chosen an Option Beneficiary, the beneficiary will receive the monthly allowance payable under that particular option. If the retired member has not chosen an option, he or she has been receiving an unmodified monthly allowance.

Unmodified Monthly Allowance

For the retired member who elects the unmodified allowance and receives it for his or her lifetime, no continuing monthly allowance will be payable to a beneficiary.

However, the beneficiary **will** receive the allowance accrued during the month of death, and any residual contributions and interest that may be in the retired member's account, after all allowance payments made to the retired member have been deducted.

Example

Elaine had been retired for 10 years at the time of her death on the 15th of the month. She had \$35,000 in contributions and interest at the time of retirement and received \$115,000 in retirement benefits before her death. Elaine's monthly allowance was \$950.

The amount payable to Elaine's beneficiary would be calculated as follows:

Contribution and interest balance at retirement	\$ 35,000
Less retirement allowance paid	- \$115,000
Remaining contributions and interest	0
Accrued monthly allowance during the month of death	
(1/2 month x \$950)	\$ 475
Lump-sum death payment	\$ 5,227
Total Payable	\$ 5,702

How to Report the Death of a STRS Member or Benefit Recipient

STRS should be notified as soon as possible of the death of a member, option beneficiary, or payee receiving STRS benefits. This can be done by writing to:

STRS
P. O. Box 15275
Sacramento CA 95851-0275
Or by calling STRS Public Service
Office at: (916) 229-3870 or
toll-free at 1-800-228-5453.

STRS will need the following information:

- deceased person's name and Social Security number
- · date of death
- individual's status immediately preceding death: retired, disabled, a member in active teaching status, option beneficiary, or other payee
- name, address and telephone number of contact person

A beneficiary application packet will be sent to the contact person within five days from the date STRS receives the notification of death. The packet serves as an official acknowledgment of receipt of notification. The completed application is used to identify the eligible beneficiary(ies) for various benefits.

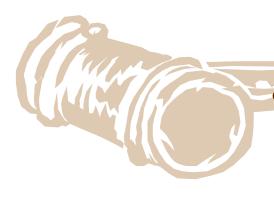
The original or certified death certificate must be sent to STRS. STRS payments issued to the deceased after the date of death must be returned to STRS. The appropriate parties will be contacted if additional certificates or documents are needed.

When can a beneficiary expect payment?

STRS generally pays survivor benefits to beneficiaries within 45 days of the receipt of the last required document. Payment may be delayed if documentation, such as marriage or death certificates, is not received in a timely manner or because of the absence of a valid beneficiary designation form on file with current beneficiary addresses.







IX. Tax Information and Legal Issues

Periodic Payments

Unless you tell STRS otherwise, STRS will withhold tax on periodic payments (a payment that is received in installments at regular intervals) as if you were married and claiming three dependents.

Non-Periodic Payments

STRS withholds income tax from non-periodic payments (such as a lump-sum death payment or the allowance accrued and unpaid on the date of death of a STRS benefit recipient) at a flat rate of 20 percent for federal and six percent for state withholding. Your beneficiary can elect to have no tax withheld from a non-periodic payment unless he or she resides outside of the United States or its possessions, in which case, tax must be withheld on a non-periodic payment.

Income Tax Withholding Preference Certificate (AD-0908)

If you wish to request a change to your income tax withholding status, you must prepare an *Income Tax Withholding Preference Certificate*, AD-0908.

The form must be received by STRS no later than the first day of the month preceding the month you wish the instructions to take effect. You may obtain an AD-0908 from STRS by calling the STRS automated telephone system at 1-800-228-5453.

Lump-Sum Distributions

If you receive a lump-sum distribution, including a refund of your contributions, you should be aware that the Internal Revenue Code (IRC) provides several complex rules regarding the taxation and penalties of lump-sum distributions. You may be eligible to avoid current taxation on the taxable amount of the distribution by rolling over that amount into another qualified employer retirement plan or Individual Retirement Arrangement (IRA).

Tax Information

Income Tax Withholding

Federal and California statutes require income tax withholding on distributions from pension plans, annuities, and deferred compensation plans. Income tax will be withheld from the taxable portion of your allowance unless you take action *not* to have taxes withheld. If you do *not* have taxes withheld, or if you do not have enough withheld, you may need to make estimated tax payments. Generally, your withholding or estimated tax payments, or the total of both, must cover at least 90 percent of your total tax liability for the current year. Failure to meet the 90 percent limit could subject you to penalties.

A portion may not be taxable if you made post-tax contributions to STRS during your career. STRS uses the Simplified General Rule established by the Internal Revenue Service (IRS) to determine the taxable portion of your allowance. (You may use any acceptable method when reporting to the IRS.) The Simplified General Rule is explained in detail in *Pension and Annuity Income*, IRS publication 575, available from the IRS, or *Pension and Annuity Guidelines*, FTB publication 1005, from the state Franchise Tax Board, or *Notification of Income Tax Withholding*, MS 1357, from STRS.





To take advantage of these provisions, the distribution must be made by a trustee-to-trustee transfer. If you request a rollover distribution, additional information will be provided. Contact STRS Public Service at 1-800-228-5453 or (916) 229-3870 for information regarding rollovers.

Source Tax

STRS must withhold state income tax on all monthly (periodic) payments unless the payee has filed with STRS an *Income Tax Withholding Preference Certificate*, AD 0908, requesting that taxes not be withheld and stating the payee is not a resident of California. Benefit recipients who live outside California will not have state tax withheld *unless requested by filing* an AD 0908.

The change is the result of recent federal legislation that repealed the right of individual states to tax retirement payments of recipients who are *not* residents of the state from which they are receiving the benefits (source tax). Consequently, if you are *not* a resident of California, you may not be subject to California state tax. However, you should be aware that your current tax liability in the state in which you reside could increase as a result of the change in law.

STRS recommends that you consult a qualified tax professional for specific tax advice. You should contact the Internal Revenue Service, the California State Franchise Tax Board, or a qualified tax adviser for information relevant to your individual

situation. Call STRS Teletalk at 1-800-228-5453 and request message #650 or you may use the automated telephone system to obtain a copy of the STRS

brochure, Benefit Tax Information, AD 202.

Internal Revenue Code Section 415 Section 415 of the IRC imposes two limits on benefits that can be paid by a state or local government defined benefit retirement system such as STRS. Benefits are limited to the lesser of 100 percent of the participant's average annual compensation for the highest three years of taxable compensation, or an absolute dollar cap indexed for inflation.

Congress recently passed Pension Simplification legislation as part of the Small Business Job Protection Act of 1996 (SBJPA). This legislation provided some relief from the IRC section 415 limits for government pension plans which must be implemented by 1999. STRS is currently analyzing the provisions of the SBJPA and will recommend appropriate changes in the near future.

Currently, very few STRS members have been impacted, or are likely to be impacted, by the limits of Section 415. STRS will notify you, upon receipt of your application for retirement, if the IRC Section 415 limits impact your benefit.

Legal Issues

Subrogation

When a third party causes the injury or death of a STRS member before retirement, and the member or family pursues civil litigation, STRS must be informed. STRS has a right to participate in the action to recover the expenses and legal costs the injury or death generated. The process which permits this participation is called subrogation.

Power of Attorney

STRS members can arrange for management of their assets, should they become incapacitated, through the use of a Durable Power of Attorney. STRS can provide you with some of the necessary forms.

When a STRS benefit recipient becomes incapacitated and can no longer manage his or her financial affairs, STRS must determine who has the legal authority to act on the recipient's behalf regarding the recipient's STRS account and benefits. That authority

could extend to changing the recipient's address, instituting or changing direct deposit authorizations, and changing tax withholding preferences.

A Durable Power of Attorney is the most common method used by a benefit recipient to delegate authority to act for the recipient. This document permits a benefit recipient to act as a principal and appoint an agent. The document also identifies the extent of authority granted to the agent.

A Durable Power of Attorney can be drafted by an attorney or purchased as a commercially available fill-in-the-blank form. STRS has a *Special Power of Attorney*, MS 1307, form available that may be used by a principal. The STRS MS 1307 enables your named agent to handle all matters pertaining to a STRS account, unless barred by law.

In addition, STRS requires an agent to execute an affidavit affirming the agent's authority under the Durable Power of Attorney. For an agent's convenience, STRS has a *Declaration of Attorney in Fact*, MS 1432, that can be completed by the agent each time the agent makes a request.

If you wish to obtain a *Special Power of Attorney*, MS 1307, or a *Declaration of Attorney in Fact*, MS 1432, call STRS automated telephone system at 1-800-228-5453 or (916) 229-3870.

Dissolution or Annulment and STRS Benefits

A publication for members who have questions about the effect of dissolution or annulment of marriage on STRS benefits will soon be available. At the present time, questions about dissolution of marriage can be directed to STRS Legal Office, (916) 229-3768 or (916) 229-3769.





X. General Information

Regional Counseling Centers

Regional Counselors are available to assist members in retirement planning and to provide descriptions and information about STRS benefit programs. This service is provided on a one-to-one basis by appointment or in a group workshop setting. To

make an appointment for an interview, call the Counseling Center nearest you.

Appointments are usually scheduled four weeks in advance.

If you wish to make an appointment regarding disability programs and benefits, inform

the appointment coordinator so a longer appointment period can be scheduled.

Host County/Serving	Phone Number
Alameda	(510) 670-4200
Contra Costa	(510) 942-5375
Fresno Madera	(209) 265-3005, ext. 3552
Kern Kern Inyo	(805) 636-4880
Los Angeles	(562) 922-6414, OR (562) 922-6838

Merced (209) 381-6619 Mariposa
Orange Orange (714) 966-4251
Sacramento Sacramento
San Bernadino San Bernadino (909) 387-4349 Riverside
San Diego San Diego (619) 292-3565 Imperial
San Joaquin (209) 468-4800 Calaveras, Stanislaus, Tuolumne
San Mateo San Mateo (415) 312-7712 San Francisco
Santa Barbara Santa Barbara (805) 928-0542 San Luis Obispo
Santa Clara Santa Clara (408) 983-2082
Santa Cruz Santa Cruz (408) 476-7140 Monterey, San Benito
Shasta Shasta(916) 225-0203 Butte, Del Norte, Glenn, Humboldt, Lassen, Modoc, Plumas, Siskiyou, Tehema, Trinity
Sonoma (707) 524-2627 Lake, Marin, Mendocino, Napa
Tulare Tulare (209) 733-6760 Kings
Ventura Ventura(805) 383-1993



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Information Services

Booklets and brochures providing additional information on benefit programs can be ordered, and frequently asked questions can be answered, on STRS specialized telephone information system, Teletalk. Individual questions can be answered by telephone through STRS Public Service staff or by writing to STRS.

Mailing Address

State Teachers' Retirement System P.O. Box 15275 Sacramento, CA 95851-0275

Telephone Numbers

STRS World Wide Web Home Page

http://www.strs.ca.gov

Brochures Available

AD 367B Refunds
AD 367A Redeposits
AD 0004 Purchase of Additional
Service Credit
AD 202 Benefit Tax Information
Cash Balance Plan

Teletalk System

General information about a variety of STRS subjects is available by touch-tone telephone from the STRS Teletalk information system. You can also request forms,



duplicate 1099R's, Statements of Account, and brochures. Teletalk calls are answered electronically. When a call is answered, you will be asked to enter a three-digit message code to designate the information you wish to receive. You may select from the codes listed below.

Teletalk Information Message Codes

100 General Information

- 101 What is STRS?
- 102 Location, telephone numbers, office hours of STRS
- 103 How to obtain STRS booklets or forms
- 104 How to change your address with STRS
- 105 Direct Deposit
- 106 What to do in the event of a lost check or missing Direct Deposit payment
- 107 How to have insurance premiums deducted from your check
- 108 Spousal acknowledgment of benefit selection
- 109 Community property settlements
- 110 Medicare for active STRS members
- 111 Member Home Loan program
- 112 Which benefit coverage do I have, A or B
- 113 Subrogation information
- 114 STRS Mid-Career information program
- 150 Membership, Service Credit, and Contributions
- 151 Who must be a member of STRS?
- 152 Can someone not mandated to STRS membership elect optional membership?
- 153 What is service credit and how is it determined?
- 154 Contributions to STRS: what are your costs as a member?
- 155 Employer-paid member contributions

200 Regional Counseling Services

- 201 How to make an appointment for a Regional Counseling interview
- 202 Regional Counseling appointment phone numbers for members in southern California form Ventura to San Diego
- 203 Regional Counseling appointment phone numbers for members in the San Joaquin Valley from Kern to Calaveras
- 204 Regional Counseling appointment phone numbers for members in the coastal areas from Santa Barbara to Del Norte
- 205 Regional Counseling appointment phone numbers for members of the northern counties from Trinity to Glenn, and east to Nevada border
- 206 Regional Counseling appointment phone numbers for members of Sacramento, Solano, Yolo and Colusa counties, and east to Nevada border
- 250 Purchase of additional service credit and redeposits
- 251 What is a redeposit or the purchase of additional service credit, and what types of service can be purchased?
- 252 What will it cost to purchase service credit or purchase previously refunded contributions?
- 253 How and when is payment made for additional service credit or redeposits?

300 Pre-Retirement Election of an Option

- 301 What is a pre-retirement election of an option?
- 302 Cancellation or change of a Preretirement election of an option
- 350 Service Retirement
- 351 How to apply for service retirement
- 352 Minimum eligibility for service retirement
- 353 Overview of unmodified and option benefits
- 354 Unmodified service retirement allowance
- 355 Option 2, service retirement
- 356 Option 3, service retirement
- 357 Option 4, service retirement
- 358 Option 5, service retirement 359 Option 6, service retirement
- 360 Option 7, service retirement





361	Alternative A	A-Standard	Early
	Retirement		_

- 362 Alternative B–30 and Out- Standard Reduction
- 363 Alternative C–Early Retirement Limited Term Reduction Plan
- 364 Alternative N–Normal Retirement
- 365 How your service retirement allowance is calculated
- 366 When can you expect your first retirement check
- 367 When will your service retirement allowance be finalized?
- 368 How to change an option after service retirement due to the death of the option beneficiary
- 369 How to change an option after service retirement due to the dissolution of marriage, annulment, or legal separation
- 370 Retirement after reinstatement to active status from and earlier service or disability retirement
- 371 Earnings limitation after retirement
- 372 One year final compensation
- 373 Express benefits
- 374 Golden Handshake

400 Disability Benefits

- 401 What is Reasonable

 Accommodation and how does it apply to you?
- 402 The use of Independent Medical or Vocational Examinations
- 403 May I continue working while filing my application for Disability Benefits?
- 420 Disability Allowance and Rehabilitation Program
- 421 Overview of Coverage A, the Disability Allowance program
- 422 How to apply for a Disability
 Allowance and eligibility
 requirements
- 423 How is your disability allowance calculated?
- 424 How much income can you earn and still receive your Disability Allowance?
- 425 What is continued qualification for a Disability Allowance
- 426 When does your Disability
 Allowance end and your Service
 Retirement Begin?
- 427 What is the STRS Rehabilitation
 Program and how does it affect you
- 428 Eligibility requirements for children of members receiving a Disability Allowance

450 Coverage B, Disability Retirement and Rehabilitation Program

- 451 Overview of Coverage B, the Disability Retirement program
- 452 Application and eligibility requirements for a Disability Retirement
- 453 How is your Disability Retirement calculated
- 454 Earning Limitations after Disability Retirement
- 455 What is continued qualification for Disability Retirement
- 456 Rehabilitation Services for the member on Disability Retirement
- 457 Eligibility requirements for dependent children
- 458 Overview of unmodified and option benefits in the Disability Retirement Program
- 459 Unmodified Disability
 Retirement Allowance
- 460 Option 2, Disability Retirement
- 461 Option 3, Disability Retirement
- 462 Option 4, Disability Retirement
- 463 Option 5, Disability Retirement
- 464 Option 6, Disability Retirement
- 465 Option 7, Disability Retirement
- 466 Changing the option selection or option beneficiary for Disability Retirement
- 467 Workers Compensation's effect on the Disability Retirement Allowance

500 Dealth Benefits

- 501 How to report a death to STRS
- 502 The importance of Beneficiary Designations
- 503 What documentation is required to pay the lump-sum death payment and when can beneficiaries expect payment?

520 Coverage A-Family Allowance Program

- 521 Overview of Coverage A, Family Allowance Program
- 522 Benefits payable upon the death of a member before service retirement or a person receiving a STRS disability allowance
- 523 Eligibility requirements for a family allowance
- 524 Benefits payable upon the death of a person after service retirement

550 Coverage B, Survivor Benefits Overview

- 551 Overview of Coverage B, Survivor Benefits
- 552 Benefits payable upon the death of a member **before** service retirement or disability retirement
- 553 Benefits payable to an eligible spouse upon the death of a member **before** service or disability retirement.
- 554 Children's benefits and eligibility requirements
- 555 Benefits payable upon the death of a member **after** service or disability retirement

600 Increases in Benefits

- 601 Annual 2 percent cost of living improvement
- 602 Quarterly supplemental payments
- 603 Change in quarterly supplemental payments

650 Tax Liability

- 651 Requirements for tax withholding from a monthly benefit allowance
- 652 Requirements for tax withholding from refunds and lump-sum distributions
- 653 How to request a duplicate or corrected 1099R Withholding Statement
- 654 When will I incur income tax liability?
- 655 IRS Code Section 415 and what it means to you

700 Refund of Contributions

- 701 What you should know if you are considering a refund
- 702 How to refund your contributions
- 703 Refund rollovers

750 Tax Sheltered Annuity

751 What is the Tax Sheltered Annuity program and how does it work?

800 Teachers' Retirement Fund Investment

- 801 Shareholder voting policy and procedures
- 802 Investments assets portfolio





Access to STRS World Wide Web Home Page

STRS is now on the world wide web through a home page, with information for members, retired members, CB Plan participants, and employers. If you wish to learn more about STRS, including some Fast Facts and Information for Members, visit us on the web. STRS will be adding information periodically.

Most web browsers, including Netscape and Mosaic, have an "Open Location" or "Open Remote" option in the "File" menu in which to enter the STRS URL (Uniform Resource Locator) or web address: http://www.strs.ca.gov

Access to STRS from the California Home Page

The California Home Page is at: http://www.ca.gov/

Once there, scroll down to the section titled:

Indexes, What's New and State Servers

From there, see the list of all state entities with web sites by clicking on the hot link:

California State Internet servers, BBS, and other information sources

Scroll down to the S's and click on the hot link:

State Teachers' Retirement System

You will be logged on to the STRS Home Page.

Information Available on the STRS World Wide Web Home Page

Web site information is updated frequently and more subjects are added periodically. Information on the following subjects is currently presented on the STRS Web Home Page, or a link to another site is provided:

- Regional Counseling Services locations and telephone numbers
- STRS Teletalk Message text
- STRS Fast Facts
- Individual Member Retirement Estimate Calculator, including options
- Cash Balance Plan Summary
- STRS Law (link)
- Mid-Career Financial Planning Workshop Schedule
- Teachers' Retirement Board
- Current Legislation affecting STRS (link)
- · Frequently asked questions





Beneficiary

Any person or entity receiving or entitled to receive payments because of the death of a member. Only a person (not an estate, trust or corporation) may be designated to receive an option allowance upon the death of a member.

Benefit Formula (Service Retirement)

Two percent of final compensation for each year of credited service at age 60.



Cash Balance Plan

Alternate STRS Retirement Plan for educators hired to work part time. Cash Balance Plan is an alternative to Social Security, private plans, or the STRS Defined Benefit Plan.

Certified Copy

The document issued by the Bureau of Vital Statistics or County Recorder.

Class of Employees

A number of employees considered as a group because they are employed to perform similar duties, are employed in the same type of program or share other similarities related to the nature of the work being performed. For example, a "class of employees" could be guidance counselors in a high school district.

COLA

Cost of Living Adjustments are automatic, annual increases to the monthly benefit, awarded annually, starting September 1 after the first anniversary of the effective date of the benefit. COLA's are calculated at two percent of your initial benefit.



Age Factor

A percentage determined by your age on the last day of the month in which your retirement becomes effective. It equals two percent at age 60 or over and is reduced by 1/2 of one percent for each month or fraction of a month in which the member is under 60 but at least 55. For members who are age 50, but under age 55, seeking early retirement, the factor is further reduced by 1/4 of one percent for each month or partial month under age 55.

Allowance

A monthly benefit payable to a retired member, member on disability, or beneficiary.

Annual Statement of Account

A statement mailed directly to active and inactive members each year that provides a summary of transactions during the prior year, service credit, contribution and interest balances, key provisions of the STRS Defined Benefit plan, and beneficiary designation information as of the previous June 30. If you have purchased additional service credit or redeposited contributions that were previously refunded, the changes will first appear on the Statement of Account for the fiscal year during which the final payment was made.





Concurrent Retirement

STRS members may be eligible to retire if they retire concurrently with another pension system such as PERS, the University of California Retirement System, Legislators' Retirement System, or the San Francisco City and County Employees' Retirement System. Final compensation from the higher of the systems may be used to compute final compensation.

Coverage A

Coverage A refers to the disability allowance and family allowance programs that existed prior to October 16, 1992. Coverage under theses programs is mandatory for all members of the Plan who were receiving a disability allowance or a service retirement allowance with a benefit effective date prior to October 16, 1992. Members who were not receiving a benefit on October 16, 1992, could elect to retain this coverage or elect coverage B.

Coverage B

Coverage B refers to the disability retirement and survivor benefits programs that were effective on October 16, 1992. Coverage is mandatory for all new members, and for members who were not receiving a benefit and had membership effective dates prior to October 16, 1992, and elected this coverage.

Creditable Compensation

Salary and other remuneration payable in cash by an employer to a member for creditable service.

Creditable Service

Specific employment activities such as teaching, vocational or guidance counseling, services related to school curriculum and a variety of administrative duties performed for a school district, community college district, or County Superintendent's office.

Credited Interest

At the end of each fiscal year, interest is credited to the accumulated contributions and interest in each active and inactive member's account at the credited interest rate adopted by the Teachers' Retirement Board. It is currently set at a rate that approximates the yield on two-year Treasury Notes.

Credited Service

Service credit for which required contributions have been paid.



Defined Benefit Plan

Benefits are specified by the Plan and are not based upon the accumulated contributions in the member's account.

Disability Allowance (Coverage A)

A program selected by and offered to individuals who became STRS members before October 16, 1992, that allows disabled members to remain "active" and continue to accrue service credit toward retirement while receiving a STRS disability allowance. The allowance is paid as long as the individual is disabled or until the age of 60 when the member becomes eligible for service retirement.

Disability Retirement (Coverage B)

A program for individuals who joined STRS after October 15, 1992, or elected this benefit program during the special election held between October 1992 to April 1993. Those receiving payments under this benefit program are "retired" and will be paid as long as they are disabled, without respect to age.

Disability or Disabled

A medically determinable physical or mental impairment which is permanent or which can be expected to last continuously for at least 12 months. The disability must prevent a member from performing the member's usual duties with reasonable modifications or the duties of a comparable level for which the member is qualified or can become qualified by education, training or experience. A member may apply for disability while still employed. Any impairment from a willful self-inflicted injury shall not constitute a disability.

Disabled Member

A member to whom a disability allowance is payable.



Early Retirement Limited Term Reduction Program (Alternative C)

If you are at least age 55, but under age 60, and have at least five years of credited service, you can apply for retirement under this alternative. You will receive one-half the monthly allowance amount calculated as if you were age 60. The reduced allowance will continue for the same number of months after age 60 that you received benefits before age 60. After that, the normal Service Retirement allowance will be paid.

Eligible Child

Coverage A: A member's unmarried offspring, adopted child or stepchild up to age 22 who is dependent upon the member on the effective date of the disability allowance or the date of the member's death.

Coverage B: A member's child, adopted child or stepchild, to 21 years of age, if dependent on the member on the effective date of disability retirement or the date of the member's death.

Employer Pick-Up

Under Internal Revenue Code Section 414(h)(2), a member's contributions may be "picked-up" by the employer for the sole purpose of deferring income taxes on that portion of the member's compensation.



Family Allowance

An amount paid to the surviving spouse with eligible children after the member's death under Coverage A. The maximum amount is 90 percent of the member's final compensation (40 percent for spouse, ten percent for each eligible child, to a maximum of five children. Also provides Option 3 benefit to spouse at age 60).

Final Compensation

The highest average annual compensation earnable by a member during any period of three consecutive years of STRS-covered paid employment. (One-year final compensation is available for classroom teachers provided it has been included in a written collective bargaining agreement.)

Full-Time

The number of days or hours of creditable service the employer requires a class of employees to perform in a school year under a collective bargaining or employment agreement.



Golden Handshake

An early retirement incentive program that gives STRS members, whose employers elect to participate and who meet eligibility requirements, two additional years of service credit upon retirement if they file a STRS retirement application with an effective date within the window period.







Indexed Final Compensation Factors

Factors developed annually based on the change in the members' statewide average earnable salary. These factors are used to calculate indexed final compensation.

Indexed Final Compensation

The final compensation increased to reflect the average earnable salary increase of all active members of the Defined Benefit Plan to reflect changes from the initial benefit date to the current date.



Lump-Sum Death Payment

A one-time payment paid to a designated beneficiary(ies) upon the death of the member.



Member

Any person who has performed creditable service for an employer and has earned compensation for that service and has not received a refund for that service, unless specifically excluded by law.

Active Member: A member who earns creditable compensation during the school year.

Inactive Member: A member who, by the pay period ending June 30, has not earned creditable compensation during the school year.

Disabled Member: A member to whom a disability allowance is payable.

Retired Member: A member who has terminated employment and has retired for service or has retired for disability and to whom a retirement allowance is payable. Vested Member: A member who has accrued five years of credited service to be eligible for service retirement, disability retirement, or disability allowance.



Non-Consecutive Final Compensation

The highest average annual compensation earnable during any period of three years of paid employment covered by STRS. Available for those members who received a salary reduction due to a reduction in school funds. Upon certification from the employer, STRS will use the highest three non-consecutive school years to determine final compensation.



Options

Option 2: Upon the member's death the modified allowance will continue to be paid to the option beneficiary for life.

Option 3: Upon the member's death, one-half of the modified allowance will continue to be paid to the option beneficiary for life.

Option 4: Upon the death of either the member or the option beneficiary, two-thirds of the modified allowance will continue to be paid to the survivor for life.

Option 5: Upon the death of either the member or the option beneficiary, one-half of the modified allowance will continue to be paid to the survivor for life.

Option 6: Upon the member's death, the modified allowance will continue to be paid to the option beneficiary for life. If the option beneficiary predeceases the retired member, the retired member's allowance will be raised or "pop up" to the unmodified level.

Option 7: Upon the member's death, one-half of the modified allowance will continue to be paid to the option beneficiary for life. If the option beneficiary predeceases the member, the member's allowance will be raised or "pop up" to the unmodified level.

Option Beneficiary

The person you designate to receive a monthly allowance after your death.

Option Factor

An actuarially determined factor used to calculate the amount of your monthly allowance when you select an option to provide a lifetime, monthly allowance to a designated option beneficiary after your death. (See Options)



Parent

A natural parent or parent who adopted the member prior to the member's attainment of 18 years of age or marriage, whichever occurs earlier.

PERS

Public Employees' Retirement System of California.

Projected Final Compensation

The final compensation used to determine the Disability Allowance or Family Allowance, increased by two percent, compounded annually, to the earlier of age 60 or the date the Disability Allowance is terminated.

Projected Service

Credited service plus the service that would have been earned to age 60 (or termination of the Disability Allowance, whichever comes first) had the member continued to work and receive service credit at the same rate as the highest of any one of the three school years immediately preceding death or the date the Disability Allowance began to accrue.



Reduced Workload Program

Allows eligible members to reduce their workload from full-time to part-time (a minimum of 50 percent of full-time) for up to 10 years before retirement.

Refund

A member who has terminated employment with the California public school system may withdraw all member contributions, tax-deferred contributions, and interest credited on those contributions.

Retired Member

A member who has terminated employment and has retired for service or has retired for disability and to whom a retirement allowance is payable.

Retirement Allowance

The amount you will receive each month after you retire.

Retirement Allowance Calculation

The formula used to calculate the amount STRS members will receive each month after retiring for service. The formula is: service credit x age factor (two percent at age 60 or over) x final compensation.

Return of Member Contributions

A one-time payment of all accumulated member contributions in excess of the monthly allowances already paid. Payment equals the member's total contributions and interest at time of retirement, disability or death, less the sum of all monthly allowance payments received. This is payable when there are no longer any beneficiaries or survivors who qualify for a continuing monthly allowance from the Plan.







Service Credit

Accumulated period of time in years or partial years, for which a person earned compensation subject to contributions to STRS.

Single-Month Earnings Limit

The member's disability benefit and employment earnings in a single month are added together and compared to the indexed final compensation for the month. Amounts in excess of the limit must be offset by STRS.

Six-Month Earnings Limit

The member's employment earnings and disability benefit over any continuous sixmonth period are compared to $66\ ^2/3$ of the indexed final compensation. If they exceed this limit, the disability can be terminated unless the member on disability is enrolled in a STRS- approved rehabilitation plan.

Standard Early Retirement

(Alternative A)

At least 55 years old but under age 60 and a minimum of five years of service credit.

STRS

State Teachers' Retirement System of California.

STRS Member Home Loan Program

A program for active or retired members to apply for conventional, fixed-rate, first mortgage loans for primary residences.

Subrogation

A process that permits STRS to participate in an action to recoup expenses and legal costs when a third party causes the injury or death of a STRS member before retirement and the member or family pursues civil litigation.

Surviving Spouse

A person who was married to the member for at least 12 months prior to the member's death. May be married less than 12 months if a child was born during the marriage or if the surviving spouse is carrying the member's unborn child.



Teletalk

General information about a variety of STRS subjects is available by touch-tone telephone from the STRS Teletalk information system. You can also request forms, duplicate 1099R's, Statements of Account, and brochures. Teletalk calls are answered electronically. When a call is answered, you will be asked to enter a three-digit message code to designate the information you wish to receive.

30 and Out (Alternative B)

At least 50 years old but under age 55 with a minimum of 30 years of credited service.



Unmodified Allowance

The monthly allowance payable to a retired or disabled member prior to any modification for election of an option.



Vested Member

A member of the STRS Defined Benefit Plan with five years of credited service.